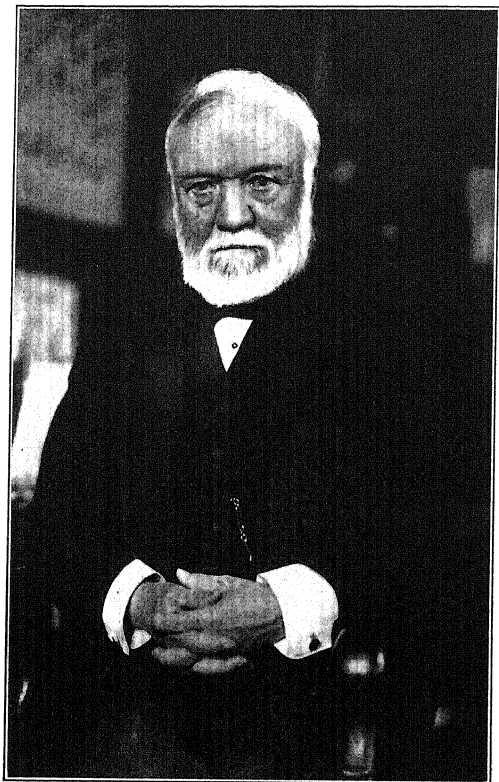


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INCREDIBLE

CARNEGIE



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ANDREW CARNEGIE

1837-1919

INCREDIBLE CARNEGIE

The Life of
ANDREW CARNEGIE
(1835-1919)

By
JOHN K. WINKLER
Author of Morgan the Magnificent, etc.



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TO

Edythe and Ruth and Bob

CONTENTS

- I. MERRY ANDREW, THE DREAD SCOT 3
- II. DUNFERMLINE, THE HUNGRY FORTIES 23
 - III. SLABTOWN 40
 - IV. PLUCKING THE PLUMS 58
 - V. A QUARREL AND ITS CONSEQUENCES 75
 - VI. BRANCHING OUT 89
 - VII. THE FIRST EASY MILLION 104
- VIII. A PANIC AND BILL JONES THE PEERLESS 125
 - IX. THE GOLDEN FLOOD 140
 - X. FRICK, KING OF COKE 160
 - XI. FRICK IN HIGH COMMAND 179
 - XII. BLOODY HOMESTEAD 199
- XIII. "SMILING CHARLIE" AND SOME PECULIAR
ARMOR PLATES 220
- XIV. THE BREAK WITH FRICK 241
- XV. THE BIG CLEAN UP 261
- XVI. SAINT ANDREW 277
- XVII. FINALE 297

INCREDIBLE

CARNEGIE

CHAPTER ONE

MERRY ANDREW, THE DREAD SCOT.

ANDREW CARNEGIE, I SUSPECT, WAS THE GREEDIEST little gentleman ever created.

As an infant in high chair he beat a loud tattoo upon the table enforcing a demand for two spoons wherewith to shovel double portions of porridge into his mouth.

Half a century later, when he was goading his famous superintendent, Captain William R. Jones, and the latter's tons of human flesh into producing more steel and yet more, Bill Jones spat toward one of the fabulous furnaces at Braddock and observed, half in disgust, half in admiration: "Andy was born with two sets of teeth and holes bored for more."

After he had put over, by rare display of brigandage, the greatest sale in the history of the world (transfer of his steel empire to the United States Steel Corporation for almost five hundred millions of dollars) he remarked mournfully: "I could have gotten a hundred million more. Morgan would have paid it. I know he would."

Carnegie was the most cruel task-master American industry has ever known. Save for the fortuity of circumstance he, not John D. Rockefeller, would symbolize ruthlessness in business. John D., with his ideas of

I N C R E D I B L E C A R N E G I E

combination and "persuasive" elimination of competition, was far more humane.

Carnegie was a flaming individualist, employing jungle methods in trampling out competition. The Scot built up an impregnable organization by crass application of the doctrine of the survival of the fittest. Those who could not stand the pace were tossed aside, mercilessly. At every Carnegie plant there was a scrap heap for men as well as for metals.

It required a nature essentially hard to leap, as Carnegie did, from less than nothing to the top of the heap. However, down at the core of him, there was a jet of tenderness. In way and manner strange and contradictory, it gushed often to the surface and overwhelmed those who came into contact with him. Hence it was that he could control and command great rough creatures, who could have killed him with a blow.

Opposing forces tugged ever at the soul of Andrew Carnegie.

Upon the threshold of his colossal career, Carnegie set upon paper a frank record of his subliminal conflicts. The memorandum, intended only for his own eyes, did not come to light until after his death fifty years later. In his racing, eager hand Carnegie wrote:

St. Nicholas Hotel, New York, December, 1868.

Thirty-three and an income of \$50,000 per annum! By this time two years I can so arrange all my business as to secure at least \$50,000 per annum. Beyond this never earn—make no effort to increase fortune but spend the surplus each year for benevolent purposes. Cast aside business forever, except for others.

THE DREAD SCOT

Settle in Oxford and get a thorough education, making the acquaintance of literary men—this will take three years' active work—pay especial attention to speaking in public. Settle then in London and purchase a controlling interest in some newspaper or live review and give the general management of it attention, taking a part in public matters, especially those connected with education and improvement of the poorer classes.

Man must have an idol—the amassing of wealth is one of the worst species of idolatry—no idol more debasing than the worship of money. Whatever I engage in I must push inordinately; therefore should I be careful to choose that life which will be the most elevating in its character. To continue much longer overwhelmed by business cares and with most of my thoughts wholly upon the way to make more money in the shortest time, must degrade me beyond hope of permanent recovery. I will resign business at thirty-five, but during the ensuing two years I wish to spend the afternoons in receiving instruction and in reading systematically.

Ah, Andy, did surge of ambition, lust for power, greed for gold degrade you “beyond hope of permanent recovery”? Or was your troubled conscience at last cleared when you voluntarily devoted hundreds of your predacious millions to “education and improvement of the poorer classes”?

Carnegie scorned the technical details of his business. He knew little of machinery. But he thoroughly understood that much more complicated machine, man. He bound his men to him by the most potent of lures, self-

IN CREDIBLE CARNEGIE

interest. He perfected the bonus and piece work system. It was a method that killed off the dullard, strained the average, but proved a boon for the exceptional workman. With the latter Carnegie liberally shared his profits, though never his power.

From the raw, untutored masses in his mills sprang some of the great steel makers of the age. These were the marshals in Carnegie's army. He showered them with bonuses and raised more than forty of them to millionairessdom through junior partnerships. They, in turn, worshipped their creator.

Like Napoleon with his satraps, Carnegie gave those under him full leeway, within bounds. None, though, must threaten the prestige of the master. Carnegie's power and pride grew apace.

The seeds of his epochal quarrel with Henry Clay Frick lay far deeper than a mere attempt by Carnegie to rob Frick of the true value of Frick's stock. Frick's fame as a steel master was threatening to obscure Carnegie's luster. By his magic management of the Carnegie properties Frick, in little over a decade, poured tens of millions of dollars into Carnegie's coffers. That, of course, was eminently satisfactory. But Frick, from the sooty atmosphere of Pittsburgh, was growing a halo that was reflected in the steel centers of the world. This ruffled Carnegie's plumes.

Warped by anger, he launched ill-considered ejection proceedings against Frick. Breathing fire, he charged to the attack. He found Frick a cold, implacable foe-man. When the smoke of battle cleared, Carnegie had suffered his most humiliating defeat. Frick emerged an independent power in the world of finance. Incidentally,

THE DREAD SCOT

the public learned for the first time of the enormous profits Carnegie was coining with his seven-day week, twelve-hour shifts and behind an impenetrable tariff wall.

The Frick-Carnegie quarrel had far-reaching consequences. The antagonists never quite got over it. There was never a reconciliation though Carnegie made several overtures to Frick. On one occasion a common friend left Carnegie's New York mansion and drove a mile down Fifth Avenue to Frick's marble palace with a message from Carnegie. "Mr. Carnegie told me to tell you that he is getting along in years," said the hopeful mediator, "and that he would like to shake hands with you before he dies and let by-gones be by-gones."

The usually imperturbable Frick exploded. His eyes narrowed. His lips drew back into a half snarl. "Tell your friend Carnegie," he grated, "that I will see him in hell where we are both going."

Frick reacted in this manner whenever Carnegie's name was mentioned. Such occasions actually brought on digestive disturbances, creating a bile which may have hastened Frick's comparatively early death.

Frick's active dislike of Carnegie once thwarted the latter's possible opportunity to become the richest man in the world. When the Steel Corporation seemed headed for the rocks, three years after its formation, with the bottom falling out of its shares on the Exchange, financial circles were thrown into a panic by intimations that Carnegie, through his ownership of first mortgage bonds, was preparing to gobble up the entire enterprise and return once more to active business.

In this extremity J. Pierpont Morgan appealed to

IN CREDIBLE CARNEGIE

Frick. The two breakfasted on Morgan's yacht, the *Corsair*. As they rose from the table Morgan told Frick, with tears in his eyes: "If we have to declare a suspension of dividends on the preferred stock, I could not face going down town tomorrow." Frick agreed to lend every assistance. He threw himself into the task and the Steel Corporation was steered safely through.

Carnegie always pretended to be puzzled at the great wealth that had come to him. Describing the beauties of Skibo Castle, his great domain in Scotland, to Joseph Wharton, the ironmaster-poet of Philadelphia, he remarked musingly: "You see, Joseph, I have no religion to speak of. But on a Sunday morning when other people are at church, I like to float about there in my swimming pool while a Highlander in all his regalia plays sacred music on his pipes. And as I lie there on the water thinking over my possessions, the conviction comes to me that if a commission was sent down from Heaven to assess my right to what I have, I should be deprived of a goodly part of it."

On another occasion he convulsed Mr. Wharton's dinner table by narrating a sly trick he had played on his nephews at Yale. The boys had not written home for some time and their mother was worried. Carnegie wagered that he could obtain a reply by return mail. He wrote the students a chatty letter, adding a casual postscript that he was sending five dollars to each. But he neglected to enclose the money. "And do you know," observed Carnegie with a waggish chuckle, "dear uncle got a letter right back thanking him for his kind note but reminding him that he had apparently overlooked the little present he had promised."

THE DREAD SCOT

Incidentally, the irreverent college boys' pet nickname for Carnegie was "Uncle Pee-Wee."

Carnegie's unerring knowledge of human nature came from the crucible of experience. One of his favorite tricks was to bring out a pack of cards and invite a visitor to select a card from the deck, mentally. "Now think of the card you have picked," he would direct, slowly spreading the pack upon the table face-up. Nine times out of ten he could name the card chosen by the expression upon the other's countenance.

Carnegie had a vast capacity for amusing both himself and others. When in the mood, he was most entertaining. He early learned that the shortest path to a man's friendship (and pocketbook) was to make him laugh. Wherefore he cultivated a naturally gay nature. He had an inexhaustible fund of anecdotes. He never forgot a good story. From childhood he was an omnivorous reader. His memory was the marvel of all who knew him. He could quote every line of Burns and half of Shakespeare. Often, for the amusement of a company, he would recite entire scenes from Macbeth or Lear or Hamlet, changing his voice to represent the different characters.

With him music was almost a form of religion. Despite valiant effort, he never learned to sing. But he had himself roused out of bed each morning to the skirling of bagpipes; and breakfasted to the sonorous tones of the organ. There was no recourse for those guests who found distasteful this rather turgid form of beginning the day. Indeed, the merry little man was as much of an autocrat in his home as in his plants, dictating all amusements and activities. His guests swam, fished,

I N C R E D I B L E C A R N E G I E

coached, golfed, rode or sailed as he decreed. Sometimes visitors, accustomed to the rambling relaxation of large American or English house parties, found the enforced routine irksome.

Once the spirited young wife of an American steel magnate drove miles from Skibo to a telegraph office to send her husband a decoy message summoning him urgently to London. "I just could *not* stand those bagpipes," the rebel explained. "The ordeal wouldn't have been so bad if one could have breakfasted in one's room but that was against the rules."

Carnegie, a creature of almost preterhuman energy, ignored the fact that all men do not rise whistling. I wonder how many individuals owe triumphs in life to good digestion and sound sleep. Carnegie's digestion was perfect. He could command sleep at will. Often, after a long siege of work or play, he would snatch forty winks in a chair and awaken ready for the next thing on the program.

In person he was a short, thick, tough, hickory-knot of a man, five feet four inches in height. His head was round and big and hard and Scotch and full of brains.

Carnegie's prep school and college were the telegraph office and the railroad. His largest salary as division superintendent of the Pennsylvania Railroad was \$125 a month. Yet he was able to invest in a dozen outside enterprises including oil wells, sleeping cars, locomotive works, an iron mill, a rail-making company and a bridge-building concern. The answer, of course, is that he found ways to swell his income. He made himself serviceable to those who could use his services. In those days freight rates, facilitation of shipments and other powers lay

THE DREAD SCOT

almost entirely with minor railway officials. When a \$50 a month clerk in the purchasing department of a pioneer railroad acquired a blooded trotter, a wit remarked: "That horse was sired by the railroad and damned by the stockholders."

Though a haze envelopes his financial activities in the dim pre-bellum days, one may be sure that young Carnegie darted falcon-wise upon every opportunity to pad his pockets, both as assistant to Col. Thomas A. Scott, his first patron, and later as Scott's successor in the superintendency of the Pennsylvania's Pittsburgh division. Easy going Tom Scott was no match for "that little white-haired Scotch devil of mine" as he called Andy.

Col. Scott it was who put Andy in the way of making his first investment. Andy's initial dividend check was like a first drink of rum and he reeled with the tingling joy of it. It fixed his appetite. From that moment his career was hampered by no conventional restrictions. He moved forward serene in the conviction that God was on his side.

His ethical outlook illustrated strikingly the contradictory tendencies of his race. These he portrayed even after the fame of his acquisitions, his intellectual achievements and his benefactions filled the world. "His vision of what might be done with wealth," remarks Anna Robeson Burr, a clear-eyed commentator, "had beauty and breadth and thus serenely overlooked the means by which the wealth had been acquired. . . In contemplating, from the distance of a quarter century, this extraordinary being, the critic is tempted to wonder how much of his success in life he owed to his marked liter-

I N C R E D I B L E C A R N E G I E

ary flair. Such a gift did not perhaps assist him to make money, but it did enable him to present the public with his own version of himself. His writings are charged with the sentiments of virtuous austerity. He had a gift of aphorism which delighted the sentimental public. They loved to hear him say that 'labor is the universal law of being' or that 'he who dies rich, dies disgraced'; they heard with approval his convictions of the joys of early poverty and applauded to the echo when he announced that 'I would prefer to have my niece marry an honest working man than a worthless duke.' Few among the sentimentalists appear to have observed that it was not the society of the former that the Laird of Skibo so energetically sought!"

In manner Carnegie was plausible, pleasant, insinuating, suave and had a positive talent for the blind side of folk whom he wanted to hypnotize and use. This genius for flattery, while not seeming to employ it, was the corner-stone of his success, the keystone of his arch of personal triumph. It taught him how to please statesmen and use them in throwing tariff walls about his business of steel. It enabled him to insinuate himself into the graces of the great and the rich. He was a nineteenth century Boswell. Indeed, many of his traits remind one of that strange genius.

Carnegie would advance or postpone a sailing weeks in order to travel with someone who could be of use to him. The result was that he fashioned an enormous and profitable list of acquaintances on both sides of the water. He knew everyone of note in his generation. Many a man of international fame at first tolerated, then grew to like the pushing, buoyant Scot. For Carne-

THE DREAD SCOT

gie had intellectual grasp, brilliant imagination, wide range of conversation, extraordinary versatility as an entertainer and seldom-failing cheeriness of disposition. Herbert Spencer, whom Carnegie worshipped almost as a God, Lord Rosebery, Gladstone, John Morley, James G. Blaine, John Hay, James Bryce, Matthew Arnold and a host of others on both sides of the Atlantic gladly accepted Carnegie's hospitality. All of which was good for business.

During his formative years Carnegie's only extravagances were books and travel. While his competitors and most of his associates were buried in the murk of mill and office, Carnegie darted hither and yon, unharassed by burdensome detail. This kept him fresh and enabled him to take a wider view. The other steel men, leading their forces in person, scoffed at the audacious butterfly, Carnegie. But the parlor knight went serenely along selling rails and steel billets on the promenade deck and at the banquet table.

Carnegie's instinct for publicity was a seventh sense. When the Prince of Wales, afterward Edward VII, visited this country in 1860, Carnegie was quick to offer him an exciting ride in the cab of a locomotive. Thus informally began a friendship lasting through life. Carnegie's talent for literary expression was cultivated assiduously. Also, he mastered the art of public speaking. His facility with the pen and upon the platform gave him immense advantage over other masters of capital, inarticulate for the most part. He began scribbling for the press at fifteen. He wrote eight books of travel, economics and biography. He wrote every line himself though often employing literary assistants to

I N C R E D I B L E C A R N E G I E

gather his facts. Now and then, in his books, one comes across a passage of pure poetry.

Carnegie's views of social questions were outspoken and often involved him in bitter controversy. With bland disregard of examples under his very eyes he pictured "honest poverty" as a state of bliss for mankind. During the Homestead strike of 1892 his dictum "take not thy neighbor's job" played a large part in provoking the most convulsive labor disturbance in industrial history.

While controlling his companies with a power more absolute than that of a Roman emperor, the curious Scot lost no opportunity to denounce the king system and the divine right theory of rule. His fellow industrialists considered him a sort of capitalistic socialist. They winced at the public approval greeting the steel master's assertion that the rich were merely custodians of wealth and that the man who passed on without arranging the distribution of his money for public purposes was to be execrated.

There was scarcely a single outstanding man of his world who did not dislike and thoroughly distrust Carnegie. Wall Street called him "the little Scotch pirate". When he murderously cut prices, violated pool agreements, sneaked over secret rebates, or forced competitors to the wall during a depression, men in the trade spoke bitterly of "Carnegie cattle work along the border"—apt reference to the way the Scotch clans of old harassed their English neighbors.

Carnegie's brother Tom, eight years younger, was a man of different stripe, beloved of all who knew him. He died in 1886, at the early age of forty-three. There

THE DREAD SCOT

are those who say that Tom Carnegie, had he lived, would have overshadowed his brother. Time and again in the early days Tom pulled through the struggling little iron companies that were the predecessors of the great Carnegie Steel Company. Tom and the friends who put their money and their faith in him often had to bolster Andy's courage. The dramatic story of these unsung stalwarts will be told in these pages.

When Tom Carnegie, his father-in-law, William Coleman, and their partner, David McCandless, suggested the making of steel by the comparatively new Bessemer process, Andrew Carnegie was the chief objector. At that time Andrew was living in New York, picking up what commissions he could through selling bonds for the Pennsylvania Railroad and scalping in and out of a dozen enterprises. "Pioneering doesn't pay in a new concern," advised Andy. "Wait until the process develops."

Andy, however, needed no injection of starch in the backbone after he witnessed in England the awesome sight of a Bessemer converter in full blast. "From that moment," recalls one to whom Carnegie pictured the scene, "the word 'steel' was stamped upon his mind with a white-hot impress. Nothing that he had ever seen was so picturesque, so fascinating, so miraculous in its easily controlled force and fury. It was half a furnace and half a cyclone, yet it was obedient to the touch of a boy's hand. Give it thirty thousand pounds of common pig iron, and presto! the whole mass was blown into steel. As Carnegie stood beneath its volleys of orange and yellow sparks, his own mind became converted. The sudden blast of his ambition and resolve blew away the

I N C R E D I B L E C A R N E G I E

lure of financial life and the promises of speculation. Nothing was left but steel."

Beyond a broad belief in a controlling force, a general cosmic cohesion, and the probability of a hereafter of some sort, Carnegie had no religion. Opening his first volume of Herbert Spencer as a young man, he became a confessed free-thinker, a rationalist. Spencer, later Darwin, confirmed and made clear a crude synthetic philosophy he already had worked out for himself. He adhered to no church. Nevertheless, he gave thousands of organs to churches, chuckling: "I can indorse everything the organ says, if not everything the pulpit says."

By the same token he consistently refused to cross the outstretched palm of any foreign mission with silver. He held Mohammed and Buddha and Confucius and Christ to have been equally good teachers, each in his own day and way. And he could discover no differences in religion not traceable to temperaments and temperatures.

Carnegie's vanity matched his ability. He went bagging for college degrees and other honors as a hunter tramps the field seeking quail. It was his gleeful boast that he had received three times as many freedoms of cities as had been bestowed upon Gladstone. He aided in the erection of almost three thousand library buildings during his lifetime, with the cost of equipment and maintenance devolving upon the particular municipality. He insisted these buildings be uniform in architecture and the name "Carnegie" be carved upon the stone facade. This was a condition also in practically all of

THE DREAD SCOT

the enormous Carnegie gifts to science, education, the cause of world peace, etc.

In Scotland, where they called him the "Star-Spangled Scotchman", he flew the British Union Jack and the American flag sewed together. Though liberal in his denunciations of the British government, the royal family, and British business methods, Anglo-American unity became one of the passions of his later life. As he aged, he developed a marked Messianic complex, offering all-embracing panaceas for the world's ills. But the patient had to swallow doses exclusively concocted and prescribed by Doctor Carnegie. Otherwise, the purse strings snapped tight and not a farthing could be pried from him.

Controlling the largest fluid fortune on earth, it is needless to report that the good doctor did not lack patients, sycophants and retainers of high degree. Each of these added his mite in building up a myth about the man—a myth of Carnegie, the Superindustrialist; of Carnegie, the Matchless Knight Without Reproach; of Carnegie, the Mellow and Kindly Friend of All Mankind.

However, Carnegie was a pioneer in large scale philanthropy as in large scale manufacturing. With rare intelligence he blazed a path which the Rockefellers and other men of great wealth have followed. During his life time he gave away more than \$350,000,000. His fortune at its apex approximated \$400,000,000. He left his family less than \$25,000,000. He must be credited with making vital the conception that the owner of great wealth is a trustee for the public. Thousands of portly pamphlets attest the activities of the huge trust

I N C R E D I B L E C A R N E G I E

foundations he established, the income of which is to be available generation after generation for the most important work of the time. Time alone can determine the value of these trusts.

If he had not halted his mad money-making pace when he did, it is a question whether Carnegie could have devised means of disposing of his surplus wealth. In the quarter century, 1875-1900, the Carnegie Company profits were \$133,000,000. In 1898 the company cleared \$11,500,000. Carnegie rubbed his hands and chortled: "We'll beat that next year." The great machine rolled on. Profits in 1899 were \$25,500,000. Still from the insatiable principal owner came the cry: "More! More!" The result was a profit in 1900 of no less than \$40,000,000, a world record for an industrial corporation in legitimate competitive business.

Carnegie pocketed \$25,000,000 as his individual share. Hundreds of workmen and more than one superintendent had been lashed into nervous prostration. The atmosphere of the Pittsburgh steel mills was thus described by a contemporary observer: "In the arid yards of the furnaces and steel mills there is no room for a blade of grass. And in the dingy laborers' cottages there are a hundred thousand bedraggled women, fighting a desperate but hopeless battle against dirt and smoke. Truly, to paraphrase Kipling, if work and murk be the price of millions, Pittsburgh has paid in full. The city has always its pillar of cloud by day and pillar of fire by night. A yellow haze hangs over the region, as though reflecting the gold-making that is going on below. Floating rivers of dense black smoke flow from hundreds of chimneys and flood the streets. At night the scene

THE DREAD SCOT

is one of lurid grandeur—a continuous fire festival. Looking from one of the cliffs that tower over the city, it seems as though a miniature sky, inverted, lay below, with here and there the blaze of a comet or the flash of a meteor.”

Carnegie managed to avoid the sweat and the heat of the mills. Though usually robust, he always insisted that he would be in danger of a sunstroke if he faced the blistering atmosphere in which his men labored. When hot days heralded the approach of summer, Carnegie would sidle up to Captain Bill Jones. “Captain,” he’d explain apologetically, “I’m awfully sorry to leave you in the midst of hot metals here but I must go to Europe. I can’t stand the sultry summers in this country. You have no idea, Captain, what a relief it is to me when I get on the ship and out of sight of land.”

“No, Andy,” flashed back the Captain on one of these occasions, “and you have no idea what a relief it is to me, either.”

Despite his long absences, Carnegie had no fear of disloyalty or desertion. Dangling a possible partnership before every superintendent insured loyalty and faithful work. It fevered these rough, untutored individuals with ambition. Carnegie favored young, adventurous men. They were more likely to survive his make-or-break system, more willing to gamble on becoming either millionaires or physical wrecks in a few years.

Only one partner of scores kept pace with him during his entire business career. This was cautious, shrewd little Henry Phipps. Phipps, a splendid master of detail, lacked Carnegie’s boldness but was a perfect foil for him. In mournful procession the other partners went

IN CREDIBLE CARNEGIE

down under the strain, sold out for one reason or another, or were ejected after quarreling with Carnegie.

To illustrate the complete absence of the golden rule in his business ethics, Andy pitted even his partners against each other, fomenting jealousies and rivalries. Always above the sweltering thousands—partners, superintendents, foremen, workmen of a dozen races, Croatians, Slovenes, Poles, Italians, Hungarians—hovered Carnegie, shrill, teasing, disputatious, a terrible little bearded gnome, furiously demanding: "Lower costs, higher prices, more production. More! More! More!"

Elevation into partnership afforded no opportunity for slackening. True, Carnegie permitted many associates to purchase small percentages of stock and pay for the securities out of profits. But, with tenacious grip upon the majority stock, he wrote into his by-laws ouster provisions. That was the club he held even over his partners—"my young geniuses" he proudly called them when presenting them to famous men who came to Homestead or Duquesne or Braddock to see, admire and be photographed with the benevolent little boss.

All his life Carnegie drank moderately, mostly at meals. Tobacco in any form he detested. It made him ill. Smoking was forbidden in his home. When he entered a room where cigars or cigarettes were being puffed, he quickly sought a window. It was his only physical weakness.

Most Scotchmen love the fair as they love the product of Glenlivet. Carnegie was no exception. He enjoyed matching wits with the feline arts of women. He had instinctive desire to shine in their favorable and favoring

THE DREAD SCOT

eyes. From youth he was an indefatigable pursuer of the ladies. Women often became uncomfortable under his hot gaze. He never afforded himself the luxury of a mistress but enjoyed the charms of many women in many climes. However, his romantic tendencies were held strictly within bounds and always subordinate to his passion for money making and for intellectual improvement.

In his gallant youth Carnegie's name was coupled with those of many women. Finally he centered his attentions upon Miss Annie Riddle, beautiful daughter of Robert M. Riddle, owner and editor of the *Pittsburgh Journal*. One day Carnegie was describing Miss Riddle's charms to his boyhood companion, Thomas N. Miller. "I'm going to introduce her to Mr. Scott," remarked Andy. "I'd like his opinion of her."

"Be careful, Andy," warned Miller. "Scott is a handsome man and you are not. If he sees Annie, he'll win her away from you."

"Well, if any other man can win Annie Riddle away from me, he's welcome," rejoined Andy boldly.

Andy carried out his plan. Sure enough Miller's prediction came true. In a few months Miss Riddle became Mrs. Scott.

At this time, perhaps as a result of this experience, Andy pledged his recently widowed mother that he would not marry during her lifetime. Thirty years intervened before his mother's death but Carnegie kept his word. Indeed, Dame Margaret Carnegie (the Queen Dowager her son called her) was not one to be trifled with. Strong, forceful, imperious, she was one person whose will was never bent in surrender to Andrew

I N C R E D I B L E C A R N E G I E

Carnegie. She was his guide, counselor and most trusted adviser. Their proudest day came in the summer of 1881 when, from the lofty perch of a coach-and-four, Carnegie and his mother triumphantly re-entered the little Scotch city of Dunfermline, from which poverty had driven them thirty-three years before.

Dame Carnegie died in the fall of 1886. The following spring, Carnegie married Miss Louise Whitfield, of New York. He was in his fifty-second year. She was twenty-eight. Ten years later was born their only child, Margaret, now Mrs. Roswell Miller.

Carnegie's chief disappointment was that no sons came to bless his union. If Andrew Carnegie had become the proud father of a male child, one wonders whether the disposition of the vast Carnegie fortune would have been different. Would Carnegie have held to his dictum: "I would as soon bequeath my son a curse as the almighty dollar?" Could he have resisted the temptation to place *his* son among the world's super-rich and super-powerful?

One doubts.

For Andrew Carnegie came of a tribe clannish and jealous of its privileges, eager for glory, and with both eyes peeled for the main chance.

CHAPTER TWO

DUNFERMLINE, THE HUNGRY FORTIES

ANDREW CARNEGIE'S ANCESTORS LOVED A DRAM, A joke and an argument.

Most of all did they dote upon debate. A "wee drap o' discussion" was meat and drink for these hardy weavers and shoemakers who flourished in the latter eighteenth and the early nineteenth centuries in the tiny hamlet of Patiemuir and the imposing nearby town of Dunfermline, Scotland.

Upon religious, political and social issues these aristocrats of artisans were radicals of radicals, dissenters from dissent. They were leaders in movements that for many decades caused their corner of Fifeshire to be set down as the incubator of independent thought and action throughout Scotland. They clashed often and gleefully with Crown and ecclesiastical authority and more than one of them got himself clapped into the local caboose.

The first of the clan to undergo this harrowing experience was James Carnegie, who was born in Patiemuir about 1745. He was accused as one of the fomenters of the Meal Riots resulting from distress caused by the failure of the harvest of 1770. He was soon released and once more the whirl of running shuttles, weaving fine damask, issued from his cozy Patiemuir loom shop.

A touch of excitement lightened the gloom of this Carnegie's prison days. Local tradition has it that he was

I N C R E D I B L E C A R N E G I E

visited by a fair and rapturous sympathizer who presented him with a snuff box of rare design.

Although no birth records survive those dim days, James Carnegie's eldest son, Andrew, probably first saw the light at about this period. Andrew was destined to leave picturesque imprint upon his community and upon his namesake-grandson who is the subject of our narrative. He was a larking fellow, gay, bold, adventurous, always keen for a fight or a frolic, withal a "thinker" and the very picture of industry when the spirit moved. He was one of the most convivial patrons of the Black Bull Inn and ruddy fogleman of an amusing assembly satirically christened the Patienuir "College."

This was a sort of informal club where rough amusement and recreation was the order. Andrew Carnegie primus was known far and wide as the "Professor." There was serious discussion as well as noisy merriment at the almost daily sessions of the "College" Professor and his followers were thorns in the side of the religious rather than the civil authorities. Most of them were too radical even for the seceders who had broken with the established church and built an edifice of their own under the pastorate of the Rev. William Haddon. This reverend gentleman was often distressed by the bold and unorthodox fulminations of the Professor and his pupils.

Some of the weavers did a little poaching on the side. Others raised game birds, Hamburgs, Dorkings, Scotch greys, and held cock fights in the festive winter season, beginning with Hallowe'en and extending through Hogmanay night (December 31) and "Auld Handsel Monday, blythe and queer, the daftest day in a' the year." With his winnings in his pocket and his victorious, some-

THE HUNGRY FORTIES

times bleeding bird lovingly tucked under his arm, the conquering weaver, sad to relate, would sometimes lurch off on a grand old jag.

"It's what w' the brandy and what w' the gin,

"I've aye been fou sin' the year cam in."

There is no evidence that the Professor indulged in these more disreputable pursuits; but he did enjoy to the full the horn-blowing and tar-barrel burnings, the masquerading and the amorous kitchen games of the winter festival.

In those days folk seldom ventured far from home. There was of course no railway service and only the gentry owned horse and carriage. The King's Highway was alive with wandering bands of robbers. However, the Professor often made his way to Perth and other towns to sell the family damask. His halloo could be heard for a mile as he proceeded on "shanks' nagy" along the turnpike, fearless of perils that might lurk in every copse.

The Professor reached high for a bride. Over the bitter objections of her family, he wooed and won Elizabeth Thom, whose father, Captain Thom, owned a fleet of vessels plying out of Limekilns. The outraged skipper swore he would revoke her patrimony—he had promised to will her one of his ships. Elizabeth scorned the threat and married her Patiemuir weaver. Each of her three sisters eventually got a ship but misfortune overtook them all, while Andrew and Elizabeth Carnegie went on to prosper moderately and bring into the world ten children.

The Thom-Carnegie feud was never smoothed. In fact, the Professor proved himself a pretty fair hater on

IN C R E D I B L E C A R N E G I E

the occasion of the baptism of his eighth child. He had half agreed to identify this child with his wife's family and did not declare his change of mind until the Thom family had appeared in a body at Limekilns Church for the ceremony.

William Carnegie, father of our Andrew Carnegie, was born at Patiemoir in 1805. He was the sixth child and second son of the Professor. William, not over robust, is remembered chiefly for his clear tenor voice, beautifully pitched, and his witching singing of Scotch songs, old and new. Though lacking his father's rougher traits, he inherited the latter's radical views and was keen and ambitious. As a weaver he was an artist.

In the late 1820's William recognized the larger opportunities in Dunfermline and moved into the town. The surviving members of the family soon followed, the Professor and his wife being the last to leave Patiemoir. William opened a small loom shop and had no difficulty obtaining work from the manufacturers who gave out the webs and received the finished cloth.

Dunfermline was a thriving and growing town, situated on high ground fourteen miles northwest of Edinburgh, and overlooking the sea. Three miles south was the Firth of Forth. On clear days the spires of Edinburgh were in view to the south; and upon the north Ben Cleugh and other summits of the Ochils.

Ancient capital of Scotland, Dunfermline was rich in tradition. It was the birthplace and residence of kings in early times. In 1304 the original palace and monastery were wrecked in war but the palace was afterward rebuilt. The tomb of King Robert, The Bruce, lies in the center of noble Dunfermline Abbey, the Westminster of

THE HUNGRY FORTIES

Scotland. Here also lie buried eight other royal personages, including Malcolm Canmore and his Queen Margaret, Scotland's patron saint. Here, too, was the great Glen of Pittencrieff, full of associations with the ancient glory of Scotland.

Near William Carnegie's humble shop was the commodious dwellings of William Morrison, a widower, and his family. Morrison was a tanner, and leather merchant, risen from the shoemaker's bench. More than that, he was an outstanding citizen, leader of the more advanced wing of the radical party in politics, and a man of unusual intellectual force. He was intensely devotional in his search for spiritual truths and in the forefront of every liberal movement.

In 1794 he aided in forming a secret political party called the Friends of the People aimed to obtain more equitable rights for the masses. He published a famous pamphlet entitled *Head-ication versus Hand-ication*, a remarkable insistence upon the virtues of manual labor. "I thank God," he wrote, "that in my youth I learned to make and mend shoes."

Thomas Morrison commands our closest attention. For he became the maternal grandfather of Andrew Carnegie and the latter grew to resemble him startlingly—in appearance, manner and many characteristics.

J. B. Mackie, Dunfermline historian, gives us an admirable picture of this Carnegie forebear:

Thomas Morrison lived in a Puritan environment. In an age, and among a community whose concern for the rights of man was stimulated by soul-searching enquiries which themselves quickened the sense of religious responsibility, he figured prominently as

INCREDIBLE CARNEGIE

a champion of political liberty and of Protestant doctrine. He had among his friends men eminent for godliness, earnest students of the Bible, which they regarded as the charter of human freedom and divine nobility, and constantly examining themselves as to whether their conduct as free-born citizens befitted the actions of sons of God.

Trained in the faith of the Friends of the People, Thomas Morrison never swerved from the political testimony of his youth, and in the popular agitation which resulted in the passing of the Reform Bill of 1832 he was known and appreciated in the city as "a pillar steadfast in the storm." In his zeal as a public-spirited citizen, keenly concerned for the overthrow of class rule and legislation, he started a paper entitled *The Precursor*, of which, however, only three numbers were published; and as a political associate of William Cobbett who, when member of Parliament for Oldham, visited Dunfermline in 1832 and addressed a meeting in the Maygate Hall, he was the author of a letter entitled *Heddekashun and Handication* ["Head-ication versus Handication"] which was published in the *Register* in 1833. Political claims and conduct were for him the practical expression of his religious faith, whose intensity caused him to secede even from the Seceders and seek soul-conformity in the Baptist Communion, just as other able and like-minded associates of his day endeavoured to find freedom from ecclesiastical or any form of priestly domination in a Congregationalism which they thought afforded fuller scope for the play of democratic principle and practice. In the absence of a settled minister for the small local Baptist Church, Thomas Morrison

THE HUNGRY FORTIES

for some years filled an office very similar to that of the modern lay preacher of the Methodist Churches in England, and his gifts as a preacher brought him many calls for pulpit service from Edinburgh and elsewhere.

Thomas Morrison's son and namesake (Young Tom he was called) was an even more adroit agitator and orator. He became a prophet of radicalism, a flaming leader of the laboring classes in the turbulent days that followed the introduction of steam machinery. He was in the front line of the Chartist struggle and the battle for the abolition of the Corn Laws. Nor did he hesitate to draw sword in the ever-sharpening conflicts between Dissenters and the Established Church. In the Hungry Forties, when thousands of hand workers were starving because of machine competition, Young Tom led in the demonstrations against the government and the new-risen capitalism.

On Saturday, 27th of August, 1842, Morrison was addressing a great crowd at Torryburn. The sheriff appeared at the head of a body of soldiers and ordered the gathering to disperse as an illegal assemblage. Morrison, staving off a riot with difficulty, led the crowd across the boundary line from Fife into Perth and resumed the meeting. That night at midnight Morrison and an associate were arrested on a charge of sedition.

In a nearby cottage, a shivering urchin awakened to hear men tell his father that his uncle had been jailed. 'The urchin, not yet seven, was little Andra' Carnegie. But we are ahead of our story.

Save for Morrison's calm counsel, his followers would have stormed the jail. Feeling ran high until he was re-

I N C R E D I B L E C A R N E G I E

leased on bail. The Crown very prudently neglected to bring him to trial. Morrison became a popular hero, was elected to the town counsel, later elevated to the bench as a magistrate, and shortly thereafter appointed Burgh Chamberlain. He was now Young Tom no longer but dignified Bailie Morrison, a pillar in the community.

A contemporary sketch gives this fluid picture of the stalwart Bailie:

Others of his co-workers may have surpassed him in skill in catechising a political candidate whose creed or program was defective in the sight of the Radicalism in which he lived and moved and had his being. But the scorn he imparted into his ironical "Hear, hear" not even the most experienced orator could listen to without obvious embarrassment and evident apprehension of coming discomfiture; and no one could excel him in a speech proposing an adverse motion. He was long known as a terror to political wooers suspected of Toryism and of political backsliding. He was correspondingly helpful to the man who represented his views. If his scornful "Hear, hear" frequently intimidated, his hearty, jubilant cheer was equally effective as a means of inspiration for both speaker and audience.

The same vehemence he displayed in his discussion of municipal and local affairs. Self-seeking wrongdoing he could not and would not spare. Accordingly he had many heated and angry controversies. If a neighboring territorial magnate dared in any way to encroach upon the rights of the town, the Chartist might safely be trusted to withstand him to his face. Did a local employer of labor attempt political oppression, he censured the abuse of power

THE HUNGRY FORTIES

as a heinous sin against the most sacred of human rights. Was some dishonesty practiced against the trustful investors of savings amongst the working classes, he was quickly on the track of the offender, dragging him and his society to stern account.

His shrill voice, raised loudly in the Council Chamber in the heat of debate, could be heard through the open window across many streets. When at the close of the meeting, with fiery face and flashing eye and quick, short step he made his way home to his belated dinner, few there were who dared to interrupt him. After his meal, however, and still more after a skilful appeasement under the skilful hands of the gentlest and most loving of wives, when he sallied forth once more to the public haunts, his pace was slower and his temper cooler, and he was ready for his joke. He was no longer a *fieri facias*, on the contrary was disposed to be amiable and gracious, jocular and serviceable—unless the detection of some new meanness or injustice aroused once more his chivalrous passion.

Bailie Morrison had one brother and four sisters. The second sister, Margaret, married William Carnegie in 1834. The brother, William, emigrated to America in the mid 1840's. Another sister married George Lauder, a store keeper in the High Street, Dunfermline.

William Carnegie's family were hugely pleased at his marriage into the Morrison clan. Indeed, the spry old Professor of Patiemuir College was so exuberant at the wedding feast that he sang a Scotch song and recited, with gestures, a narrative poem celebrating the exploits of Wallace and Bruce.

I N C R E D I B L E C A R N E G I E

The weaver took his bride to a small one-story-and-attic house at the corner of Moodie Street and Priory Lane. Margaret Morrison Carnegie was a woman of marked vigor and vitality of mind and body, a far more decisive personality than her husband. She also believed in "hand-ication" as well as "head-ication." In her girlhood she had learned to sew and bind shoes, not dreaming that her foresight would some day prove, as we shall see, the salvation of her family.

Dunfermline knew Margaret Carnegie as a young woman of positive likes and prejudices, intelligent, warm-hearted but of controlled emotions. Though but twenty-four at her marriage, she had already displayed the same intellectual and spiritual restlessness of her vigorous father and brother. In religious matters she was as questing as they. Her favorite theological explorations were the writings of William Ellery Channing, one of the founders of American Unitarianism.

William Carnegie's four-loom shop adjoined the tiny cottage in which he and his bride lived. In the attic bedroom of this cottage, on November 25, 1835, Margaret Carnegie gave birth to the first of her two sons. Old Professor Andrew Carnegie danced a jig when told the child was to be named for him. Old Andrew and his wife were spending their declining years in a nearby cottage in Priory Lane.

Little Andy developed into a dumpling of a boy, tow-haired, light of eyes, with short, sturdy legs that carried him everywhere. An elderly grand-aunt who helped to nurse him recalled his enormous appetite and astonishing precocity. He seemed to remember everything that was told to him. Long before he could read

THE HUNGRY FORTIES

he could repeat lengthy passages from books read to him; and delighted in wise saws and proverbs.

One Sunday, when Andy could not have been more than six or seven, he and his father were returning from the seashore. Andy was perched upon the paternal back. The three mile uphill climb had wearied the elder Carnegie. When they came to the steep rise leading into Dunfermline he suggested mildly that Andy might enjoy walking the rest of the way.

"Ah, faither," soothed the boy, drawing his arms tighter about the other's neck, "never mind. Patience and perseverance makes the man, ye ken."

Shaking with laughter, the father trudged on. Andy had learned the practical benefit of getting on the good side of people.

The lad could be pushing and aggressive, too. At the head of Moodie Street was a community well from which it was Andy's duty to draw water for the family. The supply was scanty and the well ran at irregular intervals. Sometimes a score of old neighboring wifies were waiting in line. Precedent had been established by placing cans in the line during the night. The old women were very jealous of their rights. But Andy paid no attention to them. When the precious flow of water began he dashed into the group, gouging and butting his way, and generally managed to fill his pail first. The aged dames set him down as an awful laddie.

One spring William Carnegie gave Andy some breeding rabbits. As these merry little creatures had never been impressed with the virtues of birth control, providing provender for their numerous offspring became a serious problem. Andy solved it neatly. He called in

I N C R E D I B L E C A R N E G I E

his playmates and solemnly promised to name a rabbit for each boy who would scour the fields for dandelions and clover. Such distinction was not to be resisted. The neighborhood urchins devoted most of their spare time to feeding the Carnegie cotton-tails. Andy's first experience as an employer of labor was a prime success.

The youngster's dearest playmate was little George Lauder, son of the High Street merchant, who had married his mother's sister, Seaton Morrison. She died a few years after the birth of her only child. The merchant found solace in the companionship of his boy and Andy. The chums grew up almost as brothers. They were "Naig" and "Dod" to each other, lispings nicknames of their babyhood. "Dod" eventually became one of the principal partners in "Naig's" great steel enterprises.

The elder Lauder was a man of considerable learning. He taught the children Scotch and English history and not a little of literature. Wallace and Bruce, Burns and Scott, Cromwell and Sir John Graham were their heroes. George Lauder had an extraordinary way with children. The boys would break down and weep as he described the betrayal of Wallace. He would reward them with pennies and call in the neighbors to hear them recite and enact the classic struggles between Norval and Glenalvon, Roderick Dhu and James Fitz-James.

Andie enjoyed his haphazard but profitable education at home and at Uncle Lauder's so much that he begged off attending school until he was almost eight. Then he became one of the 150 boys and girls of assorted ages and sizes who attended Rolland Street School. There was but one teacher, Robert Martin. He was an excellent master and necessarily a stern disciplinarian. He

THE HUNGRY FORTIES

grounded his scholars in the three R's and saw that his more apt pupils absorbed some algebra and a smattering of Latin grammar. In one large room were seated never fewer than a hundred pupils.

At intervals of half an hour the master called upon successive classes to toe a semi-circular chalk line about his desk. While the low-voiced recitations were going on, broken by the occasional slap of a ruler upon a backward scholar's outstretched palm, the remaining pupils were expected to buckle strictly to their books.

Pupil Carnegie was bright and quick and soon won his way into the good graces of the master. The first penny he ever earned outside the family circle was a reward from Mr. Martin for reciting Burns's poem: "Man Was Made to Mourn."

"Verra good, Andra, verra good," commended the stern pedagogue, patting the boy's flaxen head.

That afternoon, on his way home, Andy heard the dread phrase "teacher's pet, teacher's pet" hissed at him. He did not turn upon his tormentors. For he sensed that envy, under some circumstances, was a compliment. Also, pugnacious as he was, he had already learned to reckon the odds before offering battle. In the Carnegie school days there is no record of a bloody nose, a blackened eye or a torn shirt. Thus early, even, little Andy was learning to win his way by subtler methods.

To live in Dunfermline in those days was a liberal education in itself. As the industrial revolution gradually and then more rapidly brought a substitution of machinery for hand labor, a spirit of revolt flamed. Monarchy and the privileged classes were denounced from every street corner, while the American Republic

INCREDIBLE CARNEGIE

was lauded as man's most noble experiment. One night, Margaret Carnegie's brother, William Morrison and his wife, Aitken, brought to the cottage a roller map of the United States and the family pored over it, eagerly identifying New York, the Erie Canal and Pittsburgh. Already many Dunfermline families had emigrated and a considerable colony had settled in and about Pittsburgh. Soon after William and Aitken Morrison sailed for the magic land of the west.

William and Margaret Carnegie hung on stubbornly cheered by fleeting periods of prosperity. There was another mouth to feed now. For a second son, Tom, had been born in 1843. He was a beautiful baby with his mother's extraordinary big, black eyes.

As times grew harder, Dunfermline seethed. The speeches of Cobden and Bright were eagerly devoured. Each evening there were meetings in the churches and on the commons. Little Andrew listened wide-eyed as his uncle, the indomitable Bailie, read editorials from the London newspapers and thundered that a change must come.

"Frequently the children were sent supperless to bed," Mackie tells us, "while the parents wracked their brains and hearts to discover the ways and means of providing for next day's sustenance. One sturdy old weaver was wont to tell in better days how in this time of scarcity he once had the better of the minister, who had noticed the absence of the erstwhile regular attender from the forenoon Church service. 'I just telt him,' he said, 'I purposely lay longer in bed on the Sabbath to skip a meal, content if I got something for denner'."

The blight affected not only the damask linen trade

THE HUNGRY FORTIES

but all branches of the weaving industry throughout the United Kingdom. A government commission reported the average wage of the weaver at from four shillings six pence to seven shillings a week. Disraeli, in his novel *Sybil*, gives an imaginative but vivid picture of the distress. A weaver reflects:

"Twelve hours of daily labor at the rate of one penny each hour; and even this labor is mortgaged! How is this to end? Is it rather not ended!" And he looked around him at the chamber without resources, no food, no fuel, no furniture, and four human beings dependent on him and lying in their wretched beds because they had no clothes. "I cannot sell my loom," he continued, "at the price of old firewood, and it cost me gold. It is not vice that has brought me to this, nor indolence, nor improvidence. I was born to labor and I was ready to labor. I loved my loom and my loom loved me. It gave me a cottage in my native village, surrounded by a garden, of whose claims on my solicitude it was not jealous; there was time for both. It gave me for a wife the maiden I had ever loved, and it gathered my children round my hearth in plenteousness and peace. I was content. I sought no other lot. It is not adversity that makes me look back upon the past with tenderness.

"Then why am I here? Why am I, and six hundred thousand subjects of the Queen—honest, loyal and industrious—why are we, after manfully struggling for years and each year sinking lower in the scale, why are we driven from our innocent, happy homes, our country cottages that we loved, first, to bide in close towns without comforts, and gradually to

I N C R E D I B L E C A R N E G I

crouch into cellars or find a squalid lair like this, without even the common necessities of existence; first, the ordinary conveniences of life, then raiment, and at length food vanishing from us?

"It is that the capitalist has found a slave that has supplanted the labor and ingenuity of man. Once he was an artisan; at the best he now only watches machines, and even that occupation slips from his grasp to the woman and child. The capitalist flourishes, he amasses immense wealth; we sink lower than the beasts of burden, for they are better fed than we are, cared for more. And it is just, for according to the present system they are more precious. And yet they tell us that the interests of capital and labor are identical."

For a time Margaret Carnegie stood off disaster opening a small shop in Moodie Street. Andy ran errands and kept the trifling accounts. The expedient proved but temporary. William Carnegie was compelled to part with first one, then another of his looms. Finally there came a day when the elder Carnegie felt himself at the end of his tether. Years later Andrew described the final confession of failure: "Father came in one day from delivering some finished damask—it was in 1848—looked at me quizzically, and said, 'Andy, I have more work.' Where should we go? The same condition that drove us from Dunfermline might confront us anywhere else in Scotland. But we remembered that we had relatives who had crossed the Atlantic and settled near Pittsburgh. 'We'll go there too,' said my mother. 'It's best for the boys to begin life in a new country'."

Once the decision was made, Margaret Carnegie

THE HUNGRY FORTIES

moved with customary vigor. The looms had fetched but a fraction of their original cost. Furniture and other household goods were put up at auction. Still there were twenty pounds lacking of the passage money.

Then, for the first time in their lives, incidentally the last time, the Carnegies went into debt. Ella Ferguson Henderson, a girlhood friend of Margaret Carnegie, offered to advance the needed sum. The weaver's wife would not consent to the loan until Mrs. Henderson accepted a note in hand, with payment guaranteed by Bailie Morrison and George Lauder.

On May 17, 1848, amid tears and final God-speeds from relatives and friends, the Carnegies left Dunfermline. A small group accompanied them to Charlestown whence they made their way to Glasgow after a long day's journey by sailing vessel and canal boat. Andy wept and clung long about the neck of his Uncle Lauder.

The little family sailed from the Broomielaw of Glasgow in the 800-ton sailing ship *Wiscasset*. Andrew was in his thirteenth year. His school days were over. He was a fair penman, could read and cipher and knew a little algebra and some Latin.

As the *Wiscasset* beat down the Clyde, the boy had no prevision that the very machinery which ruined his father would prove a golden instrument for him.

Andrew Carnegie faced west, in the fresh spring breeze, and the world was his oyster.

CHAPTER THREE

SLABTOWN

INCH BY INCH, IT SEEMED, THE POVERTY-DRIVEN refugees made their way across the Atlantic.

The little schooner *Wiscasset* dropped anchor off Castle Garden, New York, on her fiftieth day out of Glasgow. The voyage was rough and the fare was rougher. However, one member of the Carnegie family had no cause for complaint. Making himself useful to Captain and crew by running errands, sounding the meal gong and helping out generally, little Andrew was given many a dainty. His red letter day was Sunday. It meant plum duff.

The immigrants tarried in New York only long enough for a fleeting call upon a young weaver named Sloane who had been a fellow craftsman of William Carnegie in Dunfermline and whose sons, William and John, were to found a famous Fifth Avenue firm of rug makers, W. & J. Sloane. Then the Carnegies started the last long lap of their journey to Pittsburgh. An immigration agent booked them by the most circuitous route.

The trip, now a mere eight or nine hours by rail, half that by airplane, then consumed three weeks by way of the Erie Canal, Buffalo and Lake Erie to Cleveland; then down the canal to Beaver and up the Ohio by steamboat to Pittsburgh. The canal boats were built in sections and

were hauled over the Alleghany Mountains from east to west by stationary engines.

Thrilling and awesome as was the view of so vast a section of the new continent, the travelers were spent and weary when they fell into the arms of their relatives on the drab Pittsburgh dock. The welcoming party included William and Aitken Morrison and Mrs. Hogan, a sister of Margaret Carnegie. This sister, her husband and the husband's brother, both weavers, had come to America a short time before.

The newcomers were escorted two miles across the Allegheny River to a small black frame house in the rear of what later became 336 Rebecca Street, Allegheny City. The district, then known as Slabtown, later as Barefoot Square, was as unpromising in appearance as in name, a squalid collection of factories, stores, saloons and hovels, in some of which people were packed like bait in a can. The Morrisons owned the alley house and had prepared two rooms on the second floor, rent free, for the Carnegies. On the ground floor was a tiny loom shop, operated by one of the Hogans. William Carnegie was loaned a loom and at once set to work. He made fine table cloths and hawked them from door to door. He soon found that there was little market for his superior product.

Margaret Carnegie promptly came to the rescue.

Next door but one on Rebecca Street was the small shoe-making shop of Henry Phipps. Phipps, an Englishman, had recently moved to Allegheny City from Philadelphia. He had two sons, Henry, nine, and John, several years older. Margaret Carnegie asked him for work, telling him of the experience she had gained in her father's

I N C R E D I B L E C A R N E G I E

shop. Phipps didn't think much of women as shoemakers but trial convinced him that Margaret Carnegie was an exception. Thereafter she spent several hours a day sewing and binding shoes. She also took in washing. Evenings, while she kept him awake by singing snatches of Scottish minstrelsy, little Tom Carnegie threaded her needles and waxed the thread. Working sixteen or eighteen hours of the twenty-four, the never-say-die mother kept her brood together. Every silver half dollar that could be spared went into a stocking to form a fund for the repayment of the twenty pounds passage money owed to Ella Henderson.

Andy was the only unemployed member of the family. In a rash moment a neighbor suggested that the boy peddle trinkets along the water front. The dumpy, blazing-eyed little head of the Carnegie family (for she was that in all save title) flew into a fury. "I would as soon throw my lad in the river as have him mingle with those rough characters along the water," she cried, pointing to the door.

Soon there came a rift. The elder Carnegie got work in the old Blackstock Cotton Mill on Robinson Street, Allegheny City, and Andy joined him there as bobbin boy. In a community dominated by Welsh, Scotch and English the shilling was still a unit of value. Andy's pay for twelve hours work a day was five shillings a week, or a dollar and twenty cents. He had not turned thirteen. Already he was on a payroll. He felt that he was a man.

The feeling was strengthened in a few months when John H. Hay, a Scotchman who operated a bobbin-turning shop on Lacock Street, gave him a job at two dollars

a week. The boy had to fire a furnace in the cellar with wooden chips and run a small steam engine. Discovering that Andy could write a fair hand, Mr. Hay made him bill clerk. Nothing was said about a raise in pay but Andy was glad to be relieved of the taxing task in the dark cellar.

Hay kept his books in single entry. Some one told Andy that all important firms used the double entry system. The boy determined to learn double entry. He discussed his ambition with three neighborhood boys of his own stripe with whom he had struck up a friendship, John Phipps, William Cowley and Thomas N. Miller. All that winter the four trudged into Pittsburgh and were tutored by an experienced bookkeeper named Williams.

A gayer and more adventurous world was soon to open for young Carnegie.

One night over a game of draughts David Brooks, manager of the Ohio Telegraph Company in Pittsburgh, remarked to Andy's Uncle Hogan that he was looking for a bright messenger boy. The pay would be \$2.50 a week. This sum looked big, especially as William Carnegie, who never managed to catch on in the new world, was again out of a job.

Bright and early next morning, dressed in the one white linen shirt which his mother washed daily, little Andy appeared before Mr. Brooks. He got the job. "When do you want to start in?" asked the manager. Andy returned the classic answer, "Right now, sir, if you please," and went to work at once. The telegraph office seemed like paradise after the grimy factory.

Telegraph offices have always been notable training

I N C R E D I B L E C A R N E G I E

schools for bright boys. This one was a very Eton of opportunity. Among the lads who sat on the wooden bench with Andy for the next two or three years were David McCargo, afterwards superintendent of the Allegheny Valley Railway; Robert Pitcairn, later a high official of the Pennsylvania; Henry W. Oliver, politician and ore millionaire; and William C. Moreland, who became city attorney of Pittsburgh.

Andy took no chance of losing this job. In his spare time he walked the streets, memorizing not only their names and location but the name of every firm and of every individual so far as possible. Before long he could close his eyes, mentally visualize, and name each firm on every business block, up one side and down the other.

The Pittsburgh of 1850 was a crude, straggling city. Its population, with its environs, was less than 40,000. The business section had been but partially rebuilt since a destructive fire in 1845. Not a ton of pig iron had been made. No one dreamed of the uses to which would soon be put the vast stores of coal, coke and natural gases of the region. No railway yet ran to the east. The journey to Philadelphia required three days.

Those who were proposing to run trains across the Alleghanies were thought crazy. In this year of 1850 a government official left the Philadelphia office of J. Edgar Thomson, spluttering. Thomson was the Jove of the Pennsylvania Railroad. The caller said:

"I asked him how he expected to take the cars over the mountains. 'By locomotives,' he said. Then I saw the man was a fool. 'How long will it take from Pittsburgh to Philadelphia?' I asked. 'Fifteen hours,' he replied.

Then I knew the man was a howling idiot and I left him."

Little more than three years later the Pennsylvania was completed to Pittsburgh.

Events moved fast in those days. When young Carnegie arrived in Pittsburgh, less than a century had passed since Céloron de Bienville, the first white man to tread the region, nailed to a tree a sheet iron plate bearing the royal *fleur-de-lis* and claimed the district in the name of the French King. De Bienville found a cluster of Indian wigwams ruled by a crusty old squaw, Aliquippa. This was in 1749.

Four years later a young American scout in British service, Adjutant George Washington, gained Aliquippa's friendship by presenting her with a bottle of whiskey. He had a tough time dodging the French and hostile Indians. An old Scotch blacksmith, John Frazier, upon whom the Indians depended to repair their rifles, liked Washington and pulled him out of trouble several times.

For several decades after the French had been driven out by the British, Pittsburgh remained merely a frontier trading post. Whiskey, not iron, first boomed the settlement. The pioneer Scotch and Irish settlers lived by swapping liquor for furs. Herbert N. Casson, in his admirable work *The Romance of Steel*, gives us a rapid fire account of the growth of the region:

There were four ironsmiths in the village—Thomas Wylie, who made edge-tools "of all kinds"; William Dunning, who turned out scythes and sickles; and George McGunnege, who proclaimed himself a maker of scalping-knives and tomahawks.

I N C R E D I B L E C A R N E G I E

It was noted for "all sorts of wickedness." Even after it had grown large enough to have four lawyers it had no church and no preacher. "This place will never be very considerable," said a writer of that time.

Then came the Whiskey Rebellion. Thousands of settlers in Western Pennsylvania refused to pay the Federal tax of seven cents a gallon on whiskey, defied the local authorities, raised a seven-star flag, and threatened secession. Whiskey was at that time an article of universal use. It was often employed as money, a gallon being valued at a shilling. The tax, therefore, was regarded as an intolerable oppression, and for a time the "whiskey boys" carried everything before them.

President Washington foresaw the danger to the Union. He called for thirteen thousand soldiers, got them, and rushed them to Pittsburgh. At once the rioters put away their guns, the leaders fled; and law and order won a bloodless victory. When the army was disbanded many of the soldiers remained in Pittsburgh, and so transformed the village into a town. The rebellion had called general attention to Pittsburgh, the army had beaten a road across the mountains, and from this time the community began to grow and prosper. . . .

The town resembled a mining camp much more than an organized settlement. Although the land had been bought from the Indians for ten thousand dollars and a barrel of whiskey there were still as many Indians as white men in the muddy streets. Law was whatever the wrath of the citizens demanded. For mild offenses—laziness, cowardice, slander and so forth—the offender was "hated out"

of town. For serious offenses—theft, wife-beating, or cheating at cards—he was fined, whipped, seated in the stocks, put in the pillory, branded, or deprived of his ears. . . .

The favorite outdoor sport was horse-racing; the favorite indoor game was billiards. The day of the races was a general festival. All work was stopped. Dozens of booths were built around the race-track. Indians and whites, parents and children, horses and dogs, were all alike in a passion of excitement. Between the races old fiddlers rasped to groups of dancers, and sharpers played card tricks for the experience of newcomers. Dennis Loughy, the blind poet, was always to be heard chanting his famous epic:

Come, jintlemen, jintlemen, all
 Gin'ral Sinclair shall raymimbered be;
 For he lost thirteen thousand min all,
 In the Western Tari-to-ree.

By 1850, Pittsburgh had cast aside many of the picturesque accompaniments of its swaddling days and was turning rapidly to settled ways and the development of commerce. Already it was a great central forwarding point for goods East and West. The great Ohio River, formed by the juncture of the Monongahela and Allegheny Rivers at Pittsburgh, insured the city's future commercial importance. Daily service by steam packet linked Pittsburgh with Cincinnati.

Pittsburgh had been founded by plain people and in Andrew Carnegie's messenger days the big men of the town were easy to meet, and friendly. Andy got many a pat on the head and many a dime from such leading citi-

I N C R E D I B L E C A R N E G I E

zens as General Robinson, the first child born west of the Ohio River; Judge Wilkins, leader of the bar; lawyer Edwin M. Stanton, later Secretary of War in Lincoln's cabinet; Benjamin F. Jones, founder of the Jones & Laughlin Company and Carnegie's most admired steel master; and William Thaw.

Andy, it must be confessed, was not very popular with the other boys in the telegraph office. The youngsters got an extra dime for delivering messages beyond a certain limit. Andy was greedy for these assignments. Bickerings and quarrels broke out. Finally, the extra money was pooled and divided evenly at the end of the week. Andy saved his dimes. The other boys squandered theirs in the nearby confectioner's shop. Andy took Bob Pitcairn aside one day and tried to impress upon him the virtues of thrift.

"I can't help spending my money for candy," young Pitcairn excused himself solemnly. "There are a lot of live things down inside of me and they won't keep quiet less I feed 'em something sweet."

Before long Andy was made a sort of foreman over the other boys. In the absence of the manager he watched the office, took messages, and assigned outgoing wires to his mates for delivery.

One Saturday night the messengers came to the counter for their month's pay, \$11.25. Col. John P. Glass, manager of the downstairs office, was the paymaster. Andy, as usual, was first in line. He reached an eager fist for the first pile of bills and silver but Col. Glass pushed the money past him and paid off the other boys. As they went clattering into the street, Col. Glass signalled to Andy to come behind the counter. Andy's

heart sank. He felt he was to be fired. Instead, Col. Glass said gruffly: "You are worth more than the other boys. I am going to raise you to \$13.50 a month."

Andy stammered his thanks, seized his cap, and bounded home as fast as he could. He decided not to tell the family of his good fortune until next morning at breakfast. But he just *had* to share his secret with some one. That night he broke the glorious news to his brother Tom, as they lay in their bed. "Tom," he said confidently, "we are going to be rich. Father and Mother will ride in their carriage yet. See if they don't."

Next morning Andy produced his extra \$2.25. The parents wept in their joy and praised the good Lord for having sent them such a son.

It was the Divinity as interpreted by Emanuel Swedenborg that William Carnegie thanked. For he and all the American relatives, with the exception of Margaret Carnegie, had become converts of the mystical Swedish theosophist and attended the small Swedenborgian Church in Allegheny City. This was William Carnegie's first formal religious affiliation since Andy's birth. Then, outraged by a sermon on infant damnation, he had stalked from the Presbyterian Church in Dunfermline, saying: "If that be your religion and that your God, I seek a better religion and a nobler God."

Now the weaver was an ardent laborer in the local Swedenborgian vineyard. Margaret Carnegie raised no objection when her husband took the boys to the Swedenborgian Church and Sunday School. As for herself, she continued to enjoy the writings of Channing, the Unitarian; but it was plain she believed in no man-made

I N C R E D I B L E C A R N E G I E

theology nor would she accept any self-appointed spiritual guide.

The revelations of Swedenborg never made much impression upon Andy, either. He went to church chiefly to hear the music. Andy tried out for the choir which was under the direction of Ludwig Koethen, a lawyer, and assistant pastor of the little flock. Koethen admitted him to the choir chiefly because of the boy's enthusiasm. Andy had a passion for music but, try as he would, could never learn to sing a note.

He never tired, though, of listening to his father's sad, sweet singing. William Carnegie was preparing to take out naturalization papers. As a mark of patriotism he added many American songs to his long list of Scotch ballads. The boys were most stirred by Henry Russell's "To the West":

To the West, to the West, to the land of the free
Where the Mighty Missouri rolls down to the sea,
Where a man is a man even though he must toil
And the poorest may gather the fruits of the soil.

Unquenchable thirst for knowledge as well as for the almighty dollar was in the soul of our Scotch urchin. With five other neighborhood boys, Andy formed a little self-improvement group. The others were Tom Miller, James R. Wilson, James Smith, John Phipps and William Cowley. Phipps was killed a few years later in a fall from a horse. Cowley died of typhoid fever contracted at the battle of Fredericksburg.

These remarkable youngsters called themselves The Original Six. When they could they met evenings in the deserted work room of Phipps the shoemaker. They held

mpromptu debates, took walks along the river bank or into the woods and discussed matters far beyond the comprehension of most boys of their age. Despite his small stature, young Carnegie's assertiveness of manner and mental agility won him leadership. One night Andy read to his companions an essay he had written on "Labor" which he intended to send to a newspaper. It was never published but is interesting as showing his style and thought at fifteen:

Labor is the universal law of our being. Nature does not give us any finished product. Man must eat his bread in the sweat of his brow or not at all. Idleness should be unthroned, and Industry crowned in her stead. It is high time that drones should occupy at least the lowest position in society. A working-man is a more useful citizen and ought to be more respected than an idle prince.

Near Tom Miller lived Col. James Anderson, a bookish man, whose library contained no fewer than four hundred volumes. Col. Anderson announced that he would open his library on Saturday afternoons and lend out a book each week to "working boys." The question arose whether boys who did not perform actual manual labor were to be included. Andy promptly sat him down and wrote a letter to the *Pittsburgh Dispatch*, urging the inclusion of messenger boys, clerks, etc. He signed his communication "Working Boy." It was his first employment of publicity to gain an end. It worked. Col. Anderson promptly revised his rules.

Then began a feast for Andy. The realm of ideas was now his. While other youngsters were absorbed in paper

I N C R E D I B L E C A R N E G I E

back thrillers, this surprising little person made friends with Macaulay, Bancroft and Lamb. His nose was buried in a book every spare moment. Col. Anderson had sowed a seed that half a century later was to ring the world with free libraries bearing the name Carnegie.

The magic land of the theater was also opened to the youth at this time. If a message came for anyone connected with the old Pittsburgh Theater, Andy generally managed to grab the assignment; and was permitted to slip into the peanut gallery. He was dazzled by the glittering pageantry. Most of the plays were of a melodramatic order, with an occasional comedy or classic. One night the boy witnessed a performance of *Macbeth* by the tragedian, Edwin Adams. Thereafter, week after week, he drew a volume of Shakespeare from the Anderson library. And thereafter, through life, the Bard was enshrined with Burns and Scott.

The tick of the telegraph instruments fascinated young Carnegie. Mr. Brooks gave him a little instruction in the mysterious code. Andy made a point of getting to the office early to try out his knowledge of the key. He volunteered to sweep out the operating room, before the day force came on, so that he could gain an opportunity for practice. Soon he was able to communicate haltingly with other stations.

One morning, when he was alone in the office, a death message came in from Philadelphia. Such a message he knew required prompt handling, so he wrote it out, put it in his cap, and delivered it. When Mr. Brooks came in, the nervy messenger told him what he had done. "It will be all right, my boy," said the manager, "unless you have made a mistake." Andy's luck was with him. There was

no come-back. From that time on the day operator, an indolent chap, often used Andy to substitute for him. If he had read the signs correctly, he would have known his job was in danger.

Business expanded and soon Andy was doing an operator's work on a messenger's pay. This didn't suit him at all. He determined upon a spectacular demonstration of his ability. Years later he thus described his coup:

It was then the practice for us to receive the messages on a running slip of paper, from which the operator read to a copyist, but rumors had reached us that a man in the West had learned to read by sound and could really take a message by ear. This led me to practice the new method. One of the operators in the office, Mr. MacLean, became expert at it, and encouraged me by his success. I was surprised at the ease with which I learned the new language. One day, desiring to take a message in the absence of the operator, the old gentleman who acted as copyist resented my presumption and refused to "copy" for a messenger boy. I shut off the paper slip, took pencil and paper and began taking the message by ear. I shall never forget his surprise. He ordered me to give him back his pencil and pad, and after that there was never any difficulty between dear old Courtney Hughes and myself. He was my devoted friend and copyist.

Soon after this incident Joseph Taylor, the operator at Greensburg, thirty miles from Pittsburgh, wishing to be absent for two weeks, asked Mr. Brooks if he could not send someone to take his place. Mr. Brooks called me and asked if I thought

I N C R E D I B L E C A R N E G I E

I could do the work. I replied at once in the affirmative.

"Well," he said, "we will send you out there for a trial."

The new operator made good but in his zeal almost lost his life. One night he rashly kept the connection open during a storm and a bolt of lightning knocked him off his stool and hurled him across the room. "I returned to Pittsburgh," recalled Carnegie, "surrounded with something like a halo, so far as the other boys were concerned. Promotion soon came. I became an assistant operator at the tremendous salary of twenty-five dollars per month, which I thought a fortune. I was then in my seventeenth year and had served my apprenticeship. I was now performing a man's part, no longer a boy's—earning a dollar every working day."

The most recent addition to the staff was given a difficult job, handling foreign news which came by wire from Cape Race. Adverse weather conditions often affected the wires and sometimes the operator either had to leave gaps or invent phrases. Operator Carnegie always took a chance. If he made any mistakes, he never made the mistake of acknowledging a mistake. It was a rule he followed throughout life. The new job gave him a valuable knowledge of foreign affairs. For a boy of sixteen he was moving fast.

At this time came his first independent financial operation. Copies of press dispatches received in the office were furnished to the newspapers. The man who had the job got seven dollars a week for it. When he offered Carnegie a dollar a week to do his work, the boy gladly agreed. Now he felt that he was working for himself on

an independent contract. That extra dollar a week was not turned into the family fund. He considered it his own, his first capital. Little acorns, mighty oaks——

By now, Carnegie took all his messages by sound, one of the very few operators in the country able to accomplish this extraordinary feat. People came to the office curious to witness the phenomenon. Andy was not at all backward in demonstrating his skill.

A flood wiped out the wires between Steubenville and Wheeling. Andy was rushed to Steubenville and for several days kept communication open by relaying dispatches in small boats down the river to Wheeling. Late one evening young Carnegie was at the landing to meet the Pittsburgh-Cincinnati packet boat. Among the deck passengers was his father, with a pack of table linen which he intended to peddle in Cincinnati. Andy wanted to buy a cabin passage for his father but the latter shook his head, saying: "No, no, my boy, we canna afford it."

"Never mind, father," responded Andy, repeating words that were always upon his lips in moments such as this, "it won't be long before you and mother shall ride in your own carriage."

"Andra, I'm proud of you. Now run back to your work," said the father, with feeling.

Alas, the only carriage the shy, reserved William Carnegie was fated to ride in upon American soil was a somber vehicle. Broken by his struggles, he died before his optimistic elder son had turned twenty.

The event which all Pittsburgh looked forward to in

I N C R E D I B L E C A R N E G I E

1851 and 1852 was the completion to Pittsburgh of the Pennsylvania Railroad.

In the telegraph office, every one followed the progress of the road, yard by yard. Young Carnegie began to see often in the office Thomas A. Scott, superintendent of the Pittsburgh division. Scott was a thoroughly experienced railroad man and a most genial human being. Andy was the operator through whom he sent many of his messages. They had several long chats. One day a young man in Scott's employ said to Andy:

"Mr. Scott asked me today if I thought you would like to leave the telegraph company and come and work for him as his private operator. I told him I thought you were well satisfied where you were."

"Not so fast," rejoined Andy. "I'd like to catch on with the railroad. Tell Mr. Scott I'd be glad to work for him."

Scott came in soon after and offered the youth the princely salary of \$35 a month. Andy leaped at the offer. On February 1, 1853, he began his duties as Superintendent Scott's operator and clerk.

The boy had scarce turned seventeen. No down darkened the glow of his ruddy Scotch cheeks. But he had already cut his wisdom teeth. Four years of rough and tumble contact with all manner of men had sharpened his already keen wits and stimulated natural acquisitive instincts. Some folks, he had learned, you must bully. Some you must bamboozle, some you must blarney. There be those who yield most quickly to a brickbat—a brickbat well aimed and low. There be others who surrender to a bouquet.

Getting in on the ground floor with a great pioneering

S L A B T O W N

railroad was a matchless opportunity and this surprising little man-in-embryo sensed it.

Andy could almost count the successive rungs of his ladder.

CHAPTER FOUR

PLUCKING THE PLUMS

IF THE TELEGRAPH OFFICE HAD BEEN YOUNG Carnegie's prep school, the railroad was his college.

He went into the service of the Pennsylvania a raw, if audacious and restless, youth. He emerged, twelve years later, an experienced man of affairs, with the foundation of a fortune securely laid. Those were years of tremendous import. Carnegie learned every trick in the absorbing game of commerce and invented a few of his own.

Employing successively improving positions with the railroad as a valuable "front," he wriggled, eel-like, into a dozen outside enterprises. Morally, he turned to the left, discarding the stern teachings of his boyhood, and made Gold his God. Henceforth his career was to be characterized by no conventional restrictions. His yearnings for education, literature, the so-called finer things, while never abandoned, were now to be submerged in a greater quest and employed solely as a means to an end. The end was money and yet more money.

If one takes paper and pencil and compares Carnegie's income and his known outlay during this period, one will end with a headache. On the surface it is a bit of a mystery in mathematics. For, on a salary that increased slowly from thirty-five to one hundred and twenty-five dollars a month, our young man lived in comfort, sup-

PLUCKING THE PLUMS

ported his family well, and managed to invest in a heterogeneous collection of enterprises, most of them speculative.

He had not then invented an epigram that was to become famous: "Put all your eggs in one basket and watch that basket." His eggs were in many baskets. He managed to keep an eye on all of them.

A mist veils much of Carnegie's activities during these formative pre-bellum and Civil War days. However, records that have come slowly to light reveal his interest in a scheme to construct telegraph lines along the Pennsylvania Railroad, in a construction company, in a sutler's business in soldiers' camps, and in a horse-trading concern to supply cavalry mounts to the Government. He also acquired stock in three oil companies, in the Pittsburgh Grain Elevator, the Citizens' Passenger Railroad, the Third National Bank of Pittsburgh, the Birmingham Passenger [horse-car] Railroad, the Woodruff Sleeping Car Company and in a bridge-building company and locomotive works. These were some, by no means all, of his ventures.

The explanation of Carnegie's rapid leap toward affluence is simple:

The railroad was a lush field for an intelligent young man with itching palms and favors to barter. A new continent was in the making. Natural resources worth billions—oil, gold, coal, ore—were beginning to be tapped by the eager hand of man. In the busy Pittsburgh zone, freight tonnage far outran car capacity, sometimes doubling and re-doubling monthly.

As clerk and confidential man to the most influential railroad official in the region, Carnegie was in a position

I N C R E D I B L E C A R N E G I E

to grant all sorts of privileges. One may be sure he overlooked no opportunity to line his pockets. Today, when the golden eggs are laid at the directors' tables and in the closets of bankers, he would be set down as a petty grafter. In those days it was the accepted practice for shippers and supply dealers to "sugar" subordinate railroad officials. Moral standards shift with the times.

Evidence is plentiful that our shrewd youth became a past master at the art of pleasing the Pennsylvania's customers, at a price. All his fingers seemed to have been dipped in glue. As soon as he got on to the ropes, and he learned fast, he set out not alone to feather his nest but to fur-line it. Withal, he made friends. There was a certain naked, leathery strength about the little fellow. His energy, bubbling good nature and extraordinary efficiency impressed all who came into Division Superintendent Scott's office in the Outer Depot.

From Carnegie's standpoint, Thomas A. Scott was a perfect superior. Jovial, trustful, with soft eyes and sensitive, almost feminine lips, he was not one to interfere very damagingly with an assistant willing and able to do three men's work. The pushing Dunfermline youth soon outgrew Scott, though perfectly content, possibly for strategic reasons of his own, to remain in a subordinate berth.

The new job plunged Carnegie into a coarser world. Many of the pioneer railroad employees had been culled from the crews of river boats. They were uncouth, blustering creatures who swore sulphurous oaths, wore rough cowhide boots and red flannel shirts and were addicted to tobacco, snuff and alcohol. Their jokes and stories were not parlor anecdotes. Clerk Carnegie learned

PLUCKING THE PLUMS

about life from them and from their example he formulated a rule or two for his own conduct. He would never use tobacco in any form and he would confine a racial leaning toward liquor to a jill or two at mealtimes.

The Pennsylvania's Pittsburgh extension was not completed until February, 1854. In the interim young Carnegie journeyed each month to Altoona for the pay roll currency and checks. Returning, he rode upon the engine as far as Hollidaysburg, continuing over the mountains on the inclined planes of the State Railroad. One day the precious manila-wrapped pay roll package was jolted from his belt. In a panic he begged the engineer to run back and help him search for it. The friendly fellow did so. The package was found several miles back. It had fallen within a few feet of a stream. Visioning his career blasted at its very inception, Andy pledged the engineer and fireman to secrecy. Thereafter he carried the package inside his shirt, bound with stout twine which he wound twice about his body.

A dramatic happening, not long after, convinced Mr. Scott that he had selected no usual young man as his understudy. Carnegie relates the incident in his autobiography. This volume, though interesting, is marred by mawkish aphorisms of virtue and astounding omissions. The episode:

One morning I reached the office and found that a serious accident on the Eastern Division had delayed the express passenger train westward, and that the passenger train eastward was proceeding with a flagman in advance at every curve. The freight trains in both directions were all standing still upon the sidings. Mr. Scott was not to be found. Finally

I could not resist the temptation to plunge in, take the responsibility, give "train orders," and set matters going. "Death or Westminster Abbey," flashed across my mind. I knew it was dismissal, disgrace, perhaps criminal punishment for me if I erred. On the other hand, I could bring in the wearied freight train men who had lain out all night. I could set everything in motion. I knew I could. I had often done it in wiring Mr. Scott's orders. I knew just what to do, and so I began. I gave the orders in his name, started every train, sat at the instrument watching every tick, carried the trains along from station to station, took extra precautions, and had everything running smoothly when Mr. Scott at last reached the office. He had heard of the delays. His first words were:

"Well! How are matters?"

He came to my side quickly, grasped his pencil and began to write his orders. I had then to speak, and timidly said:

"Mr. Scott, I could not find you anywhere and I gave these orders in your name early this morning."

"Are they going all right? Where is the Eastern Express?"

I showed him the messages and gave him the position of every train on the line—freights, ballast trains, everything—showed him the answers of the various conductors, the latest reports at the stations where the various trains had passed. All was right. He looked in my face for a second. I scarcely dared look in his. I did not know what was going to happen. He did not say one word, but again looked carefully over all that had taken place. Still he said nothing. After a little he moved away from my desk

PLUCKING THE PLUMS

to his own, and that was the end of it. He was afraid to approve what I had done, yet he had not censured me. If it came out all right, it was all right; if it came out all wrong, the responsibility was mine. So it stood, but I noticed that he came in very regularly and in good time for some mornings after that.

Carnegie's bold move was a brilliant success. Nor was the foray kept a secret. Generous Tom Scott, as he moved about his bailiwick, told all and sundry about his nervy "little white-haired Scotch devil."

The little Scotch devil never waited for orders after that. The occurrence gained him his first contact with John Edgar Thomson, the President of the Pennsylvania, a contact that was to prove enormously valuable. On an inspection tour soon after, the great railroad magnate paused at the telegraph instrument, placed his hand upon Carnegie's shoulder and remarked: "So you're Scott's Andy, eh?" Andy crimsoned with pleasure.

Not many months later, the youth really felt his oats when Scott, called away for a fortnight, left him in charge of the division. This meant sleepless nights and constant watchfulness. Carnegie was equal to the task. But one accident marred his regime. Through carelessness of the crew an empty freight train was cracked up. Carnegie leaped in, fired one man and suspended two others. Scott believed the punishment too severe but, upon his return, refused to countermand Carnegie's decision. The little Scotch devil had gained an important psychological advantage. What thrilled him more, however, was a five dollar a month raise in salary.

The family still lived in Slabtown. Margaret Carnegie was as busy as ever, doing the housework and bind-

I N C R E D I B L E C A R N E G I E

ing shoes. Little Tom, now a lad of twelve, was at school. William Carnegie was pottering along at his weaving, in ill health and fighting a losing battle.

However, in some mysterious manner, the family fortunes had improved markedly. The debt to Ella Henderson had long since been paid. At William Carnegie's death, October 2, 1855, the Rebecca Street house had been purchased for seven hundred dollars, of which five hundred dollars had already been paid. One need not be a seer to guess that Andy had found outside means of swelling his income.

One evening Andy came home in great excitement.

"Mother," he exclaimed, "Mr. Scott has a great investment for me! If I can raise five hundred dollars, we can buy ten shares of Adams Express Company stock. Mr. Scott says it pays at least one per cent a month."

The mother's eyes glistened.

"Andra, tell Mr. Scott we will get the money," she directed.

Next morning found Margaret Carnegie on her way to East Liverpool, Ohio, where her brother, William Morrison, had settled and was doing well. She returned with the five hundred dollars, having pledged her home as security. For the rest of his life Andrew Carnegie was wont to herald this as a supreme act of heroism.

An additional hundred dollars had to be paid as a premium. Scott advanced this amount. A few nights later the Carnegies gathered about their plain kitchen table and lovingly inspected the crinkly, embossed paper that made them capitalists.

"One morning," recounts Carnegie, "a white envelope was lying upon my desk, addressed in a big John

PLUCKING THE PLUMS

Hancock hand to 'Andrew Carnegie, Esquire.' 'Esquire' tickled the boys and me inordinately. At one corner was seen the round stamp of Adams Express Company. I opened the envelope. All it contained was a check for ten dollars upon the Gold Exchange Bank of New York. I shall remember that check as long as I live, and that John Hancock signature of 'J. C. Babcock, Cashier.' It gave me the first penny of revenue from capital—something that I had not worked for with the sweat of my brow. 'Eureka!' I cried." 'Here's the goose that lays the golden eggs.'

"It was the custom of our party to spend Sunday afternoons in the woods. I kept the first check and showed it as we sat under the trees in a favorite grove we had found near Wood's Run. The effect produced upon my companions was overwhelming. None of them had imagined such an investment possible. We resolved to save and to watch for the next opportunity for investment in which all of us should share, and for years afterward we divided our trifling investments and worked together almost as partners."

The Carnegies were violent anti-slavery partisans. The *New York Tribune* was thundering against slavery daily. Young Carnegie wrote several letters to Horace Greeley. The great editor printed one. The youth proudly pasted the cutting in a scrap book and kept it for years.

The cleavage between North and South over slavery and state rights was becoming acute. With flying banners and wild enthusiasm, the Republican party held its first national meeting in Pittsburgh, February 22, 1856. Though not yet a voter (his twenty-first birthday was

I N C R E D I B L E C A R N E G I E

nine months away), young Carnegie followed the political pageantry with absorbed eagerness and gazed with awe upon the visiting statesmen who paraded the streets.

In this year Mr. Scott was made general superintendent of the railroad, with headquarters at Altoona. He took his indispensable assistant with him. Now the Little Scotch Devil was given the title of secretary and raised to fifty dollars, later sixty-five dollars a month. His field widened. He was no longer a clerk.

The Carnegies sold their house for fifteen hundred dollars and left Slabtown forever. They took a comfortable house in Altoona and hired a servant. Margaret Carnegie accommodated herself to the change grumblingly. She had cooked and washed and mended for her boys so long.

In Altoona, Carnegie enjoyed a wider social life than had been possible in Allegheny City. Always a-flutter for feminine society, he attached himself to Rebecca Stewart, Superintendent Scott's comely niece. They walked and drove together constantly. Carnegie's "crush" on this charming young woman became so marked that Altoona folk speculated upon a possible match. They did not know of the peremptory pledge to remain single during her life-time which the irresistible Margaret Carnegie had exacted from her first born. There are indications that the canny youth welcomed the seemingly harsh inhibition. He and his oaken mother were in thorough agreement that no entangling romantic alliance must be permitted to thwart a career which both felt was to be notable.

The Carnegie fortunes were furthered immeasurably at this time by a chance meeting. Carnegie was being

PLUCKING THE PLUMS

sought as a witness in a suit against the Pennsylvania. The causes are now obscure but were of sufficient importance for Major Stokes, the road's chief counsel, to order Carnegie out of the State. Carnegie left for Crestline, Ohio, where his chum, Thomas N. Miller, was working for the Ohio and Pennsylvania Railroad, later the Pittsburgh, Fort Wayne and Chicago.

That brief journey illustrates the part chance plays in the lives of mortals. Carnegie thus describes what happened on his way to Crestline:

While sitting on the end seat of the rear car watching the line, a farmer-looking man approached me. He carried a small green bag in his hand. He said the brakeman had informed him I was connected with the Pennsylvania Railroad. He wished to show me the model of a car which he had invented for night traveling. He took a small model out of the bag, which showed a section of a sleeping-car.

This was the celebrated T. T. Woodruff, the inventor of that now indispensable adjunct of civilization—the sleeping-car. Its importance flashed upon me. I asked him if he would come to Altoona if I sent for him, and I promised to lay the matter before Mr. Scott at once upon my return. I could not get that sleeping-car idea out of my mind, and was most anxious to return to Altoona that I might press my views upon Mr. Scott. When I did so, he thought I was taking time by the forelock, but was quite receptive and said I might telegraph for the patentee. He came and contracted to place two of his cars upon the line as soon as they could be built. After this Mr. Woodruff, greatly to my surprise, asked me

INCREDIBLE CARNEGIE

if I would not join him in the new enterprise and offered me an eighth interest in the venture.

I promptly accepted his offer, trusting to be able to make payments somehow or other. The two cars were to be paid for by monthly installments after delivery. When the time came for making the first payment, my portion was two hundred and seventeen and a half dollars. I boldly decided to apply to the local banker, Mr. Lloyd, for a loan of that sum. I explained the matter to him, and I remember that he put his great arm (he was six feet three or four) around me, saying:

"Why, of course I will lend it. You are all right, Andy."

And here I made my first note, and actually got a banker to take it. A proud moment that in a young man's career! The sleeping-cars were a great success and their monthly receipts paid the monthly installments. The first considerable sum I made was from this source.

Carnegie was to enjoy many such "proud moments." Another investment of this period indicates how our grasping youth was learning to make the dollars bloom without risk to himself: Upon the advice of John Scott, a Pittsburgh business man, Carnegie subscribed on March 27, 1857, for four hundred dollars worth of stock in the Monongahela Insurance Company of Pittsburgh. He gave his unsecured note and Mr. Scott indorsed the note. On May 20, 1868, Carnegie made a payment of twenty dollars on the note. This was the exact amount of the dividend checks upon his ten shares of stock. In like manner he made subsequent payments. In May, 1875—eighteen years after the initial subscription—a

PLUCKING THE PLUMS

dividend check wiped out the then unpaid balance of thirty-five dollars. Carnegie had paid for four hundred dollars worth of stock without so much as a nickel out of his pocket.

Late in 1859, Tom Scott returned from a trip to Philadelphia with great news. He had been appointed vice president. Hereafter his offices were to be in the Quaker City.

"Andy," said Scott, "I am going to make you Superintendent of the Pittsburgh division. Your salary will be fifteen hundred dollars a year."

Carnegie's head was in a whirl. He stammered his thanks and flew home to break the news. At twenty-four, he was to hold the juiciest job in the Pennsylvania's operating department. He was scarcely more than a boy in appearance, small and slender. However, his light eyes, usually a-glint with laughter, could harden like flint. With some difficulty he had succeeded in growing a slight fringe of beard, which he wore like a thin ruff about his neck.

The young superintendent took up his duties December 1, 1859. He made his brother Tom his clerk. Tom, a happy, engaging lad of sixteen, had learned telegraphy in Altoona. Carnegie worked in his messenger boy chum, David McCargo, as superintendent of the telegraph department. He appointed his cousin, Maria Hogan, operator at the freight station. She became the first woman telegraphist in the country and trained several other women operatives.

Winter set in severely that year and it was a trying period for the new superintendent. There were wrecks

I N C R E D I B L E C A R N E G I E

and accidents galore. During one stretch of a week, Carnegie did not remove his clothing. Knowing no fatigue himself, he drove his men hard. They growled and grumbled. But there was something about the inexhaustible Little Scotch Devil that brought them quickly to collar.

It was an uglier and dirtier Pittsburgh to which the Carnegies returned. The city was striding forward as a manufacturing center. The smoke and the murk were oppressive, especially to those fresh from a cool, bracing mountain climate.

But there were roomy suburbs and in one of these, Homewood, the Carnegies found a haven. Homewood was a region of flowers and brooks and lovely estates. Some of the wealthiest families of Pittsburgh had established homes here. Carnegie moved a telegraph instrument into the Homewood house and whenever possible operated his division from there. His duties were lightened when the road permitted him to appoint a night train dispatcher—the first on any railway.

In Homewood, Carnegie established new and welcome contacts. For the first time, he had an opportunity to enter circles of culture. He was quick in ironing out his rough spots and absorbing the niceties of polite society. Here he met John Vandevort, later his playmate on many a far-flung pleasure jaunt. Another neighbor was D. A. Stewart, who was to become a Carnegie partner. The local lord of the manor was the patriarchal Judge Wilkins, who had been minister to Russia under Jackson. Carnegie listened open-mouthed to the Judge's numerous and fascinating anecdotes of the courts of Europe.

PLUCKING THE PLUMS

Carnegie's tutor in this rarified circle was Leila Addison, the daughter of a physician and whose mother had the distinction of having been tutored by Carlyle. Leila Addison had been educated in Europe and spoke French, Italian and Spanish as flawlessly as English. She was drawn to the bumptious little Scotchman and concerned herself with improving his manners and literary tastes. She opened for him many new English classics.

The acquaintance was ripening fast when the drums of the Civil War rolled. Enthusiastic as he was in the cause of the North, young Carnegie was stirred by no urge to join the colors. However, while the boys in blue were gathering on every village green and in every city square, he received a summons to Washington from his old boss, Scott. The latter had been made Assistant Secretary of War in charge of transportation. He wanted Carnegie to help him organize a force of repair men and telegraphers.

The young man found Washington a bedlam. His first job was to repair a cut in the railway line between Baltimore and Annapolis Junction. Releasing some telegraph wires which had been staked to the ground, Carnegie received an ugly gash in the cheek. He always claimed that he was one of the first casualties in the war.

Carnegie was at Alexandria, Va., when the disastrous first battle of Bull Run was fought. It was his first taste of actual war. Men wounded and in panic streamed through Alexandria. Carnegie helped to load the wounded into hastily improvised hospital trains. The scenes he witnessed made an indelible impression, implanted in him a positive horror of war and, in later

IN CREDIBLE CARNEGIE

life, stimulated his herculean labors in behalf of world peace.

As chief of the telegraph department, Carnegie had opportunity to observe President Lincoln, Secretary Seward, Secretary of War Simon Cameron and other notable figures. Cameron, a hardy old Scot, was political czar of Pennsylvania and association with him was to prove of immense value to Carnegie in the years to come. Lincoln, Carnegie remembered, as a "most perfect democrat." General Scott, commander-in-chief of the army, he recalled as a tottering old man who had to be hoisted bodily into his carriage.

Red tape and bureaucracy at first caused endless confusion. But Tom Scott, who had been made a colonel, and Carnegie soon whipped their department into shape. In eight months they had built up an efficient organization, functioning with fair smoothness. Then they returned to their posts, Col. Scott to Philadelphia, Carnegie to Pittsburgh.

The strenuous day-and-night drive of the work in Washington had taken toll and, for the first time in his life, Carnegie felt ill and weary. Col. Scott put in a word at headquarters and Carnegie was granted a leave of absence.

He and his mother had long been dreaming of a visit to Scotland. Now the opportunity had come. When the steamship *Etna* cleared out of New York Harbor, June 28, 1862, her most eager passengers were Margaret and Andrew Carnegie and Andrew's chum, Tom Miller.

In the race of life, Miller had matched strides with Carnegie. He was now purchasing agent of the Fort

PLUCKING THE PLUMS

Wayne Railway and not a step behind Carnegie in chasing the dollar.

The grand new steamship *Etna* was a palace compared to the tiny sail-driven *Wiscasset* and the voyage eastward a luxury in contrast to the seven storm-tossed weeks of their westward journey fourteen years before. Pausing but an hour or two in Liverpool, the party set out for Dunfermline. As they approached their former home, mother and son were in a ferment of excitement.

"Ah, there's the broom, the broom!" exclaimed Margaret Carnegie in ecstasy when she caught her first glimpse of Scotland's perennial shrub.

The Dunfermline relatives declared a three-day holiday to welcome back the travelers. Old neighbors and friends crowded into Uncle George Lauder's shop in the High Street to hear all about the Carnegie's American adventures. "Ah," said one aged aunt when told that Andrew was prospering, "then maybe you can return, Andra, and open a store in the High Street." She could imagine no greater height to which an aspiring young man could rise. Dunfermline seemed like a toy town to Carnegie. Everything had shrunk to tiny proportions.

Carnegie was still weak and the excitement proved too much for him. He came down with a fever and remained in bed for six weeks in his uncle's home. George Lauder's old-fashioned family physician had him bled. Tom Miller and his mother took turns at nursing him. Andrew's illness ended the visit. On the voyage home the convalescent young man picked up and his strength had returned when he landed once more in America.

Carnegie was glad to be back. He had many irons in the commercial fire that needed looking after. He rea-

I N C R E D I B L E C A R N E G I E

lized, too, that war times could be prosperous times for fellows with foraging eyes. Money-making schemes were buzzing in his agile brain. He and Miller had talked of many things besides scenery and menus on their trip.

Though he little sensed it, he was soon to be drawn, through Miller, into an enterprise that was to launch him eventually upon a permanent career and to fashion for him a vast fortune.

CHAPTER FIVE

A QUARREL AND ITS CONSEQUENCES

ON THE AFTERNOON OF AUGUST 20, 1863, TOM Miller burst into the office of Division Superintendent Andrew Carnegie, his Irish blood boiling.

"Look what that damned Dutchman has done!" he exclaimed, flourishing a copy of the *Pittsburgh Evening Chronicle*. "Just look at this!" He indicated an advertisement in bold, black type reading:

NOTICE
IS HEREBY GIVEN THAT
THOMAS N. MILLER is not a member of our firm,
nor has he any authority to transact business on our
account.

KLOMAN & CO.

"That damned Dutchman" was Andrew Kroman, founder, manager and part owner of a flourishing iron mill, known as the Iron City Forge, at Twenty-ninth Street, Pittsburgh. On a wave of war-time prosperity, this plant had grown from a tiny axle-fashioning forge in Girty's Run, a dingy outskirt of Millvale, Duquesne Borough.

While Carnegie and his flushed caller sit at the former's desk, let us have a look at the evolution of that small forge. For, with its wheezy engine and single small, crude, wooden trip-hammer, it, nevertheless,

INCREDIBLE CARNEGIE

represented the feeble beginnings of what eventually became a \$500,000,000 enterprise. Our brief history begins with the arrival in Millvale from Treves, Prussia, of two brawny blacksmiths—the brothers Klowman, Andrew and Anton. Klowman later became Kloman and Anton was Anglicized into Anthony.

Anthony, the elder, was a shiftless sort of fellow and fond of the brew. His bother, though a child in business, was a mechanical genius. Andrew invented a method of forging axles by twisting the fibers of the iron, thereby winning a measure of local fame and many orders from railroads and manufacturers.

As purchasing agent of the Pittsburgh, Fort Wayne and Chicago Railway, Thomas N. Miller recognized the superiority of the Kloman product. Accordingly, he lent eager ear when Andrew Kloman came to him in 1859 and said in his broken English:

"If ve could afford to hav anodder trip-hammer, ve make lots more money."

"How much do you need?" asked Miller.

"Sixteen hundred dollars," replied the German. "You put in the money and ve gif you a third interest, yah?"

Good as the proposition looked to Miller, he feared to appear openly as a partner in a firm from which his road purchased. His conscience was a bit tenderer than that of his friend Carnegie. Accordingly, he looked about for a dummy in the deal, someone he could trust. He hit upon Henry Phipps. While not a member of the Carnegie-Miller group, the Original Six, Harry Phipps was known to Miller as a reliable, get-ahead youth whose discretion could be relied upon in so delicate a matter.



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HENRY PHIPPS

A Q U A R R E L

Phipps was then twenty. He had been born in Philadelphia September 27, 1839, before his cobbler father moved to Allegheny City. At thirteen he borrowed of his brother John the largest sum he had ever had in his possession—a twenty-five cent piece—and inserted this advertisement in the *Pittsburgh Dispatch*: "A willing boy wishes work." He got a job at \$1.25 a week as errand boy in a jewelry shop. Now he was bookkeeper for Dilworth and Bidwell, a spike-mill concern and Pittsburgh agents of the Du Pont Powder Company.

Miller offered Ed Phipps half of his interest in the proposed speculation if Phipps could raise \$800. The elder Phipps at first agreed to give his son this start by mortgaging his Slabtown home. Then he backed down. Crestfallen, Phipps reported his failure to Miller. He was delighted when Miller, four years his senior and somewhat of a neighborhood hero because of his rapid rise, patted him on the back and said: "Never mind, Harry, I'll let you have the \$800. You can pay me back out of the profits. I want my stock to be in your name. Besides, you can keep the books and see that we get every penny that's coming to us."

For two years young Phipps, after his long day in Pittsburgh, trudged three miles out to the Kloman shop, posted the books, and walked home in the dark along the uninspiring tow-path of the Pennsylvania Canal.

Along came the war and the Kloman business boomed. A sizeable share of the three billion dollars the war cost Uncle Sam went to the iron men. Axles jumped from two to twelve cents a pound. The Kloman forge was operated day and night. The quarters at Girty's Run soon proved inadequate. The brothers Kloman, Phipps

I N C R E D I B L E C A R N E G I E

and Miller (the latter still a silent partner) rushed to completion a new mill in Pittsburgh. They grandly christened it the Iron City Forge. Articles of partnership were drawn up to run for five years from January 1, 1862. The Klomans owned a third each, Miller and Phipps each a sixth interest. The business was described as "manufacturing, selling and vending axles, iron forgings, and the rerolling of scrap into bar iron, and the general work of an iron mill and all things pertaining thereto."

The articles of partnership indicate the suspicious and canny natures of the partners:

No purchases or sales exceeding \$1,000 shall be made by any one of the said copartners to any one person or firm, without due consultation and approval of all parties hereto.

And it is further agreed that neither of the parties hereto shall sell or assign his interest in said business without the consent of all the partners being first obtained in writing

Neither party shall draw out more than his share of the profits, and the party drawing out the largest amount shall pay interest at the rate of six per cent. on the excess drawn.

Under the able management of Andrew Kloman and Phipps, the new mill glowed with opulence. This very prosperity engendered friction. Anthony Kloman's prodigal habits enraged his brother. In the fall of 1862, upon his return from the European jaunt with Andrew Carnegie, Miller held a solemn pow-wow with Andrew Kloman and Phipps and agreed to help force out

A Q U A R R E L

Anthony. The elder Kloman proved troublesome but, in the spring of 1863, finally consented to sell his one-third interest to Miller for \$20,000.

In an indorsement upon the original articles of partnership, entered June 13, 1863, Miller's name appears for the first time as a partner.

Although he had gotten rid of his bibulous brother, Andrew Kloman suddenly realized that control of the business had passed from him. He felt that he had been done in by his more adroit partners and did not hesitate to say so. To mollify him, for it was essential to keep the able workman at his forge, Miller gave Andrew a bill of sale for one-half the interest he, Miller, had just acquired.

Still, this gave Kloman but half the business. He became excited and demanded that either Phipps or Miller sell out to him, completely. The irascible Teuton further stirred up the waters by accusing Miller of tight bargaining on purchases made by Miller from Kloman & Company for the Fort Wayne Road. Feeling himself in the toils of wily commercial manipulators, the German brooded and thrashed about. To make matters worse, Miller got his dander up and withheld certain railroad payments due Kloman & Company. Now the mild-mannered Phipps took sides against his patron, Miller.

Soon the place was a bedlam of bickering. Once Miller suggested that his friend Carnegie be permitted to buy into the business. Although he looked up to Carnegie as an influential official of the great Pennsylvania Railroad, Kloman hotly rejected the idea. Now came a final dash of oil upon the flames. A local paper printed a squib to the effect that Kloman & Co. hereafter was to be styled

INCREDIBLE CARNEGIE

Kloman & Miller. Kloman saw red. He rushed to lawyer Ludwig Koethen, he who had been choir-master at the Swedenborgian Church. Koethen advised Kloman to publish a public notice, denying Miller's connection with the firm.

It was this notice which Tom Miller, red-faced and angry, brought into Carnegie's office that hot August afternoon. If he had foreseen the course of events it is doubtful whether he would have appealed for advice to Carnegie. For avaricious Andy's hair-trigger brain instantly perceived the possible advantages to himself of acting as conciliator.

Carnegie offered to settle the quarrel if he could. The subsequent course of events indicate that Andy, without the slightest suspicion on the part of Miller, played an Iago role. For several days he interviewed the partners singly and collectively. The ultimate result was that Miller found himself ousted from Kloman & Company and Carnegie worked his brother Tom into the partnership with money furnished by himself. No one will ever know how Carnegie accomplished this master stroke, without compromising his friendship with Miller. He probably obtained Kloman's consent by handling him softly and promising him the moon in the form of favorable Pennsylvania contracts.

However that may be, Carnegie's intervention brought about the formation of a new concern, Kloman & Phipps, with a capitalization of \$60,000. This partnership agreement was dated September 1, 1863. Carnegie prevailed upon Miller to accept a special partnership, with his original one-sixth interest. The agreement was

A Q U A R R E L

to run until January 1, 1870, and contained this surprising clause:

But if at any time during the term aforesaid the said Kloman and Phipps shall desire to terminate the same as to the said special partner, then upon the said Kloman and Phipps giving to the said Thomas N. Miller sixty days notice in writing, and jointly signed, of their desire to that effect, the interest of him, the said Thomas N. Miller, shall at the end of said sixty days, and upon the payment to him of the capital invested by him and share of profits coming to him, or, in case of loss, of the total amount of capital still remaining due to him, retire from said firm, and his interest therein shall at that time wholly cease, and the same shall in such case accrue to the said Henry Phipps, Jr., as having a pre-emption right thereto, upon his paying in the capital for the purchase thereof.

By a private arrangement, it was provided that, in the event of Miller's ejection, one half of his interest would come to Tom Carnegie. Miller protested the sixty day ejection clause but signed the agreement. Not many months after the new firm began business fresh quarrels broke out and Miller was expelled. His capital was placed in the name of Tom Carnegie as trustee.

The affair caused considerable talk. Andrew Carnegie at that time drew up and signed a statement of his activities in the matter:

A violent quarrel ensued, and the parties were embittered toward one another. Finding Miller obstinate and determined Mr. Klowman eventually

I N C R E D I B L E C A R N E G I E

thought Phipps would be more desirable as a member of the firm; and they became friendly disposed as the breach widened between Miller and Klowman. For some weeks scarcely a day passed that I did not see one or more of the parties. Hearing both sides, I was fully satisfied I could not establish harmony upon the basis of a common partnership. I finally got all three together in my office and proposed that Miller should have his one-third interest and be a silent (not special) member, Phipps and Klowman transacting the business. This was agreed to; but unfortunately ill-feeling was created by a trifle, the result aimed at was lost, and the conference separated under angrier feelings than ever. Time only served to increase the violence of the quarrel. . . I considered it so essential to Miller's standing that the notice [i e. the newspaper advertisement] be recalled, as enemies were not wanting who began circulating slanderous reports about his clandestine arrangement with Klowman while acting as agent of the Fort Wayne Road, that I insisted upon Miller agreeing to anything that would reinstate him in the eyes of the public as a legitimate member of the Klowman concern.

However curious the outcome of the affair may look at this day, Miller, apparently, did not feel that he had been euchred by Carnegie. For, within the year, these shrewd young men were associated in the construction of a mill designed to seize a share of the booming war trade. This was the Cyclops Iron Company. It was built on a five acre cabbage patch at Thirty-third Street, Pittsburgh. John C. Matthews was the manager and

A Q U A R R E L

the only man among the half dozen organizers with practical experience.

The Cyclops Mill was hurried to completion too rapidly. It was at once evident, at its opening in the spring of 1865, that much money would have to be spent on remodeling. Miller, Carnegie and their associates were furious and were bitter in their criticism of Matthews under whose supervision it had been built. The latter stopped them quickly. "The trouble with you fellows," he said shortly, "is that you wanted a \$400,000 mill for \$100,000."

Meanwhile, the Kloman-Phipps mill was earning magnificent profits. Tom Carnegie had resigned his railroad job and pitched in. He was rapidly mastering the business. Beyond that—in contrast to the friction often created by his cocksure brother—his persuasive, helpful nature, twinkling whimsicalities, and modest manner made instant and lasting friendships.

On January 1, 1865, the Kloman-Phipps mill increased its capital from \$60,000 to \$150,000.

"Look here, Andy," advised Tom Carnegie when his brother told him he intended to put more money into the Cyclops plant. "You people are months away from beginning operations. You and Miller and the rest are amateurs. Andrew Kloman knows more about iron making than you fellows will ever learn. Why don't you unite with us, form one big company and let Kloman remodel and run your mill?"

"All right," replied Andrew, eagerly. "You do your best with Phipps and Kloman and I'll try and persuade Tom Miller to forget the past."

Each employing his own method of persuasion, the

I N C R E D I B L E C A R N E G I E

brothers Carnegie went to work. The negotiations were successful. Inducing the implacable Kloman to unite once more with his old foeman, Miller, was the first of many notable services of Tom Carnegie for his elder brother.

The Andrew Carnegie-Tom Miller group turned over the Cyclops Mill and \$50,000 to Kloman and his partners, receiving in return not quite one half the shares of a new company. Andrew Kloman was made manager of the new combination which was incorporated as the Union Iron Mills Company. Its capital was \$500,000. It came into existence May 1, 1865. Thereafter, the Iron City Forge became the Lower Union Mill. The Cyclops became the Upper Union Mill.

Tom Carnegie had pulled his brother out of what might have proved a serious mess and started him on a golden road. But the failure of the Cyclops Mill rankled in Andrew. Characteristically, he blamed the other fellow, writing to Miller:

"I knew you had previously been wronged and felt you could not forget it. I did at the time what I could to redress the wrong and went into the most hazardous enterprise I ever expect to have any connection with again, the building of a rival mill."

With his artful methods of commercial jockeying there is no telling how much actual cash Carnegie put into the new iron company. He had already made a very comfortable sum in an oil speculation put in his way by William Coleman. Mr. Coleman was a pioneer Pittsburgh iron manufacturer. His daughter, Lucy, later became the wife of Tom Carnegie.

A Q U A R R E L

Coleman was active in a company which bought for \$40,000 the Storey Farm, famous among oil men. The farm eventually became worth \$5,000,000. In a single year its astonishing wells paid a million dollars in cash and stock dividends. Carnegie, as usual, cut into this melon without investing a cent. Coleman took his note for a block of stock, permitting the young railroad man to pay for his holdings out of dividends.

Carnegie made many trips to the Oil Regions. This narrow strip of northwestern Pennsylvania—scarcely fifty miles in length—was the womb of a new industry. Oil towns mushroomed out of the mud over night, rude, raucous camps of oil and whiskey. Men drilled for the precious new luminant and lubricant under signs reading "Hell or China". Carnegie watched the tyrannous teamsters cracking cruel blacksnake whips and profanely urging their horses over the rude roads to the nearest railroad termini where they dumped their barrels of oil and exacted huge sums for the cartage. He observed the freshets, created by cutting dam chutes, that floated barges and flatboats down shallow Oil Creek from Titusville to the mouth of the Allegheny, saw many of these smash against the new bridge pier at Oil City and paint the river green with petroleum.

The little Scotchman, in his journeys through the drunken, hectic region, probably passed a sleek, silent commission merchant of Cleveland, like himself money-bent. There is no record, though, of a meeting between two predatory young men, destined to dominate great industries—John D. Rockefeller and Andrew Carnegie.

Carnegie ventured also into the Ohio oil fields. He

I N C R E D I B L E C A R N E G I E

thus describes a journey in 1864 with Mr. Coleman and David Ritchie, an associate:

We left the railway line some hundreds of miles from Pittsburgh and plunged through a sparsely inhabited district to the waters of Duck Creek to see the monster well. We bought it before leaving.

It was upon our return that adventures began. The weather had been fine and the roads quite passable during our journey thither, but rain had set in during our stay. We started back in our wagon, but before going far fell into difficulties. The road had become a mass of soft, tenacious mud and our wagon labored fearfully. The rain fell in torrents, and it soon became evident that we were in for a night of it. Mr. Coleman lay at full length on one side of the wagon, and Mr. Ritchie on the other, and I, being then very thin, weighing not much more than a hundred pounds, was nicely sandwiched between the two portly gentlemen. Every now and then the wagon proceeded a few feet heaving up and down in the most outrageous manner, and finally sticking fast. In this fashion we passed the night. There was in front a seat across the wagon, under which we got our heads, and in spite of our condition the night was spent in uproarious merriment.

By the next night we succeeded in reaching a country town in the worst possible plight. We saw the little frame church of the town lighted and heard the bell ringing. We had just reached our tavern when a committee appeared stating that they had been waiting for us and that the congregation was assembled. It appears that a noted exhorter had been expected who had no doubt been delayed as

A Q U A R R E L

we had been. I was taken for the absentee minister and asked how soon I would be ready to accompany them to the meeting house. I was almost prepared with my companions to carry out the joke (we were in for fun), but I found I was too exhausted with fatigue to attempt it. I had never before come so near occupying a pulpit.

Convinced that he no longer needed the prestige of his railroad position, Carnegie resigned his superintendency March 28, 1865. He was in his thirtieth year. He had been in the service of the Pennsylvania for twelve years and two months. The railroad had been good to him.

One prematurely warm afternoon soon after, Carnegie and his friend, John Vandevort, were lying on the grass in Homewood, their backs propped against a tree. They had been reading Bayard Taylor's *Views Afoot*.

"Vandy," remarked Carnegie casually, "if you could make three thousand dollars, would you spend it on a tour through Europe with me?"

Vandevort, a serious, student type of young man, with a full beard and eyes veiled behind spectacles, replied instantly:

"Would a duck swim or an Irishman eat potatoes?"

"How much money have you got?" asked Carnegie.

"Oh, perhaps three or four hundred dollars."

"All right," directed Carnegie, confidently, "let me have it tomorrow and I'll see if I can't make it grow. Mr. Coleman and I have a pretty good oil deal on."

Carnegie soon made Vandevort's modest savings expand into the required amount. But the European trip

I N C R E D I B L E C A R N E G I E

had to be postponed until fall. For the gluttonous eyes of Carnegie had lighted upon another opportunity to make money. He saw and seized a chance to step out on his own by organizing a company to build iron railroad bridges.

Now he had become a capitalist in earnest.

Never again would he work for a salary.

CHAPTER SIX

BRANCHING OUT

WITH KNAPSACKS ON THEIR BACKS, ANDREW Carnegie, John Vandevort and Henry Phipps (the latter a last minute addition to the party) tramped through England and Scotland and made the Grand Tour of the Continent from the fall of 1865 to the spring of 1866. They visited most of the capitals of Europe and had a whale of a holiday, climbing mountains, attending concerts, inspecting cathedrals and rollicking in lighter ways. They played pranks, and while the beer tankards rattled upon tavern tables, sang: "For We Are Boys, Merry, Merry Boys Together!"

Carnegie was the merriest of the merry boys. None so bold as the bearded little Scot in chucking a barmaid under the chin or inviting a flirtation with a passing lady of the evening. His more timid companions were awed by his amorous conquests.

Merry Andrew felt that he had richly earned the holiday. For, before flinging off to Europe, he had accomplished a most notable commercial coup: formation of the Keystone Bridge Company. Without dipping appreciably into his growing reservoir of cash, he had brought together a combination of practical bridge builders and railroad men. He had induced both President J. Edgar Thomson and Vice-President Thomas A. Scott to place the enormous prestige of the

I N C R E D I B L E C A R N E G I E

Pennsylvania Railroad behind this enterprise. Also, Thomson, Scott and half a dozen other railroad officials supplied the working capital. Thomson was the only one of the group who seemed a bit squeamish in investing openly in a company which had been promised contracts from his road. The overlord of the Pennsylvania put his stock in the name of his wife.

The Keystone Bridge Company was incorporated for \$300,000 on April 25, 1865, a short month after Carnegie had resigned as Pittsburgh superintendent of the Pennsylvania. Wooden bridges were rapidly being supplanted by iron structures. Therein Promoter Carnegie sniffed a rich field. His choice of the proper partners was intuitive. The company's prospectus stated that iron bridges would be manufactured and erected "on an extensive scale for railways, canals, common roads, streets, etc., etc. Also wire suspension bridges, ornamental bridges for parks and cities, pivot and draw bridges for roads, canals and railways, . . . built according to plans and specifications, as may be desired."

The prospectus added that the company had "purchased the extensive Bridge Works of Messrs. Piper and Shiffler, located in the Ninth Ward of the City of Pittsburgh, Pa., with the right for the United States to manufacture and erect the celebrated Iron Railway Bridges under the 'Linville & Piper' Patents, and 'Piper's Patent' Wooden Bridges and Roof Frames."

The practical bridge builders enlisted by Carnegie included John L. Piper, Aaron G. Shiffler and H. J. Linville, bridge engineer of the Pennsylvania. Piper and Shiffler had worked up from repair gang laborers. Piper, a good-natured, ingenious giant, was known as the Col-

BRANCHING OUT

onel. Carnegie had met him in Altoona many years before. "I'd rather have 'Pipe' at a broken bridge than any dozen men I know," said J. Edgar Thomson.

Piper was as great a mechanical genius in his line as was Andrew Kloman in his. He held half a dozen patents including a turn-table for locomotives, a draw-bridge and an improved bridge post. The giant's trustful nature and astonishing mechanical skill made him an ideal instrument for Carnegie. The latter proposed, through expanding the Piper & Shiffler works into the Keystone Bridge Company, to furnish an outlet for the Union Iron Mills. He was confident that the creative German, Kloman, could learn to cast the bridge shapes and structures required by Keystone. Accordingly, it was arranged that the Union Mills were to sell material to the new company at a discount.

The Piper & Shiffler plant adjoined the Lower Union Mill. Piper and Tom Carnegie saw a great deal of each other. Soon the huge Piper grew to idolize likable little Tom, following him around like a shaggy mastiff in the wake of a terrier. The simple fellow took Tom Carnegie's word as gospel. Once the Colonel noticed that the customary discount from the Lower Mill's price card had been replaced by the word "net" in the monthly bill.

"What does that mean, Thomas?" asked Piper.

"Oh, that? That's 'nit'," replied Tom, with serious countenance but twinkling eyes. "It means that there is nothing more that can be added."

"Well, that's what I thought," remarked Piper, completely satisfied. "I just wanted to make sure."

On another occasion Bradstreet listed the Keystone

I N C R E D I B L E C A R N E G I E

Bridge Company as BC, meaning "Bad Credit". Someone told Piper about it. He rushed to Tom Carnegie in a fury and proposed that they hire a lawyer to bring suit against the credit agency.

"Why, Pipe," explained Tom, "that's the highest compliment they could pay you. It means you never borrow anything."

Piper smiled happily.

The big fellow's *bête noir* was Captain James Buchanan Eads, the eccentric engineer who designed and constructed a number of United States ironclads and mortar-boats during the Civil War and was subsequently employed by Congress in deepening and making permanent the channel of the Mississippi by means of jetties, according to a plan proposed by himself. Eads was one of the Keystone's first customers. He planned to arch the Mississippi by a bridge at St. Louis, and made extraordinary demands for queer and weird bridge shapes.

At first Piper greeted the curious genius as "Major" and "Colonel" Eads. After a while he dropped to "Mister" Eads and finally he was calling him "that damned Jim Eads." Eads was finally brought into line by Linville and the St. Louis bridge built on scientific principles. There was trouble over the payments and Andrew Carnegie took Piper with him to St. Louis to hold the bridge until the money was delivered. While the siege was on, Piper became homesick and wanted to return to Pittsburgh. Carnegie held him in St. Louis by a ruse. Piper had a weakness for horse flesh and would drop everything for a chance to hold the reins behind a pair of spanking trotters.

"Pipe," said Andy, inventing a mythical relative, "I

BRANCHING OUT

promised my sister to buy her a pair of horses. I hear St. Louis has the finest horses in this section. Have you seen any really fine ones?"

Carnegie used to tell the story with great relish.

"The bait took," he explained. "Pipe launched forth into a description of several spans of horses he had seen and stables he had visited. I asked him if he could possibly stay over and select the horses. I knew very well that he would wish to see them and drive them many times which would keep him busy. It happened just as I expected. He purchased a splendid pair, but then another difficulty occurred about transporting them to Pittsburgh. He would not trust them by rail and no suitable boat was to leave for several days. Providence was on my side evidently. Nothing on earth would induce that man to leave the city until he saw those horses fairly started and it was an even wager whether he would not insist upon going up on the steamer with them himself. We held the bridge. 'Pipe' made a splendid Horatius. He was one of the best men and one of the most valuable partners I ever was favored with, and richly deserved the rewards which he did so much to secure."

Linville, too, was a man of splendid engineering ability. Shiffler, though slow and plodding, was also capable. Though by no means pioneers in building iron bridges (one of many preposterous claims repeatedly made by Carnegie) there were in 1865 no more able men in their field than Linville, Piper and Shiffler. Their selection is a flashing illustration of the chief trait in Carnegie's career—ability to pick the right partners at the right time.

I N C R E D I B L E C A R N E G I E

All summer Carnegie worked at the new promotion. Orders began to pour in, stimulated by such flattering indorsements as the following:

Pennsylvania Rail Road Company

President's Office

Philadelphia, Sept. 25th, 1865.

Messrs. Piper and Shiffler, who will hereafter conduct their business of Bridge Builders under the name of the "Keystone Bridge Company," have for many years been engaged, both as employees and contractors, in erecting bridges of wood and iron on the Pennsylvania Rail Road and its connections. From the uniform success that has attended their plans, and the character of the work executed, I have no hesitation in recommending them to the patronage of the officers of rail road companies, for the erection of these structures, either upon the well tested plans they have been building, or upon such as may be prepared for them. Their facilities at Pittsburgh for building bridges will enable them to execute work with dispatch.

J. Edgar Thomson,

President.

Then Carnegie, Phipps and Vandevort posted off to Europe. Carnegie's cousin and boyhood playmate, George Lauder, tramped with them through England. Cousin Dod was now a mechanical engineer with a degree from Glasgow University. Carnegie was to make use of his talents.

In the museums, Carnegie busied himself identifying and memorizing the names and works of great painters and sculptors. His appreciation of art was never more

than lip-deep but he could always reel off endless facts about beautiful paintings and classic sculpture. Music, on the other hand, moved him deeply. He haunted the Crystal Palace in London where the Handel Anniversary was being celebrated. He went to the opera in Paris and Vienna. He heard the Pope's choir and mass at St. Peter's. He became a walking Baedeker on places and personages of history. He strove to gain an understanding of architecture and its varying schools but here, too, there was little response in his nature. Primarily, he was a young man of action rather than of mood.

However, the trip implanted in him a passion for travel. Lying upon Vesuvius, he and Vandevort pledged themselves some day to take a trip around the world. Just as Kloman and Piper were perfect business partners for Carnegie, so was John Vandevort a perfect playmate. He appealed to the thin, but recognizable, strain of poetry and fantasy and spirituality that was in the hard little Scot.

Once, late into the night, Carnegie and Phipps talked of their investments and prospects. It was a strange language to Vandevort, a poor student living almost from hand to mouth.

"Great Caesar, boys!" exclaimed Vandevort, thumping the table until the wine spilled, "you fellows will have to work like slaves to pile up all the money you want. Golly, if I ever get fifteen hundred dollars a year income, catch me working like that!"

Carnegie looked at him coldly.

"Business is the greatest game in the world," he said. "Follow me and you will be earning thousands a month and working as hard as I do."

The prediction came true.

The memorable journey came to an end in Italy.

Meanwhile, back in smoky Pittsburgh, Tom Carnegie, Miller and the others were having their troubles. With the end of the war the iron trade had fallen into the doldrums, temporarily. Andrew Carnegie had not calculated upon a post-war slump setting in so soon. Then, too, the Upper Union Mill required more changes in construction than had been looked for. The burden of meeting the pay roll fell principally upon Tom Carnegie. Fortunately, Miller had been lucky in oil speculations and he made many cash advances to Tom Carnegie. "It is no credit to us that we did not bust twenty times," Miller was fond of remarking in his reminiscent years. "We had more luck and gall than brains."

Tom Carnegie measured up, magnificently, under the responsibility. Says James Howard Bridge, who knew him well:

"The ever-increasing financial pressure developed in Tom Carnegie a resourcefulness which he himself had never suspected, and was a constant surprise to those who had known him only as his brother's assistant. He had a winning personality, and made friends even when asking a favor. His nature was broadly human; and he found a point of sympathetic contact in everybody he touched. The conviviality which his more austere brother afterwards so freely condemned had a positive monetary value during these trying times, when the tourists in Europe were discussing cathedral architecture and falling into bewildered rapture over the blossoming heather. If the situation was saved for the Union Iron Mills Company, it was due to Kloman's mechanical genius and

BRANCHING OUT

Tom Carnegie's ability to make friends and then promptly to convert them into cash."

A word about Bridge: In his youth this solidly educated young Scotchman was secretary to Herbert Spencer. Coming to this country in the early '80's, he was employed by Andrew Carnegie as literary assistant and research man. When the Steel Corporation was formed, Bridge wrote several laudatory magazine articles about his former employer, based largely upon information garnered from Carnegie himself. These accounts brought such a deluge of protest and correction that Bridge determined to make an exhaustive and independent investigation of things Carnegian. The result was the publication in 1903 of *The Inside History of the Carnegie Steel Company*. This volume, though of necessity largely technical, is an invaluable mine of fact and narrative.

Tom Carnegie was aided mightily in his struggle to keep the Union Mills afloat by William Coleman. This shrewd old pioneer had already given his approval of his daughter, Lucy's, engagement to young Carnegie. Tom combined business with his courtship. Every night he would take his troubles to his future father-in-law.

With Coleman's aid and the useful financial infusions of Miller, Tom Carnegie and Andrew Kloman soon got the Upper Mill in shape to roll beams big enough for use by the Keystone Bridge Company. Soon, with the launching of the Union Pacific and huge building projects in the west and south, there was to come general improvement in the iron trade. But the depression was still on when Andrew Carnegie and Phipps returned. "In my opinion, the Union Iron Mills were going into

I N C R E D I B L E C A R N E G I E

bankruptcy just about as fast as they could," said Carnegie.

Andy buzzed about like an angry hornet, stirring everyone to activity.

Phipps was placed in charge of the finances. For two decades this was to be the quiet little man's burden, through alternate periods of prosperity and poverty. For a long period he was faced almost continuously with the effort to carry on the business with insufficient fluid capital. Sometimes the workmen, in lieu of wages, were given orders for groceries on a local store. Bridge gives us an enthralling picture of those early struggles:

Mr. Phipps had an old black mare, Gypsy, which he used to drive from one bank to another. This old horse made the rounds so often that it would stop of its own accord whenever it came to a bank; and it would make a diagonal line across Wood Street from the Citizens' National to the First National, and then on to the Third National, stopping before each bank and quietly waiting until Mr. Phipps had arranged for the day's necessities. It was impossible to drive this old horse in a straight line on Wood Street.

The president of one of the old Pittsburgh banks recently said to the present writer concerning these times: "What we used to admire in young Phipps was the skilful way in which he could keep a check in the air for two or three days."

For a while financial conditions became easier; but before Mr. Phipps had grown accustomed to the change a fresh stringency arose through an unwise incursion into a new field.

There was a pipe-works adjoining the Lower Mill,

BRANCHING OUT

and someone suggested to Andrew Carnegie that it would be a good thing to buy this property; it would round out their holdings, besides providing them with a new market for their iron. The plan commended itself to the elder Carnegie, who was always on the alert for new uses for the product of the mill; but Tom, who often served as a balance wheel to his brother's over-sanguine temperament, and who, moreover, had had some personal experience of the difficulty of financing a growing business with a stationary capital, strongly opposed it, and showed that the sort of iron used in the pipe-works was not the kind the Union Mills produced. His opposition was nevertheless over-ruled. "Tom was born tired," Andy used to say in excuse of what he considered his brother's lack of enterprise. So the pipe-works were acquired at a cost of \$36,000; and soon afterwards they were burned down while only partially insured. The loss in cash amounted to \$25,000; but Mr. Phipps used to say that this was offset by the advantage of being rid of a white elephant, and by the comfort of \$11,000 insurance money in the till.

Despite the apparently bleak outlook, Andrew Carnegie saw sunlight ahead and he determined, if possible, to absorb Miller's holdings. He proceeded, typically, to deprecate the company's prospects, an ancient bargaining dodge. September 4, 1867, he wrote a mournful letter to Miller in which he said he would gladly sell his (Carnegie's) 1,600 shares for \$27.40 per share, or \$43,840.

"Even if I can't sell my stock, it can go," he wrote. There is little doubt that Canny Andy was playing

I N C R E D I B L E C A R N E G I E

possum. For it was now almost a necessity to get Miller out of the Union Iron Mills. Miller had again become a stormy petrel and had renewed his friction with Klotman and Phipps. In addition, matters were rather cool between Miller and Andy. Miller had told several people that Carnegie had charged him three prices for some treasury stock in an oil company. Incidentally, many years later, Miller got hold of the books which apparently proved the accusation. However, as he had meanwhile sold the stock at a fabulous profit, his feelings were probably somewhat assuaged.

Despite this dispute, Miller was perfectly willing to sell out if he could get his price. He and Carnegie continued to play their little game for some months. Carnegie wrote estimating "the mills as worth (or as costing exclusive of the large sums paid to repair defective mill) \$300,000. When we pay off \$37,602.29 of debt, they will be worth that. Profits are not quite \$30,000 [i. e. for two years and five months]. Our whole thing today could be replaced for \$250,000, and we still owe a good deal upon it. I could not recommend the purchaser to pay more than \$27.50 for it per share. I would like to get rid of my own at that figure."

Miller supposed (or claimed he did) that Carnegie was acting on behalf of David A. Stewart. He finally agreed to sell his 2,300 shares at \$32 a share. The purchaser turned out to be a young financial juggler whose initials were A.C. Carnegie now owned 3,900 shares, or thirty-nine per cent, of the Union Iron Mills Company. Hereafter his word was law.

Now came an illustration of how the darts of apparent

BRANCHING OUT

misfortune turned into golden wands for Carnegie—the first application of “Carnegie Luck” which was to become almost an axiomatic phrase in the iron and steel industry. During the summer of 1867, the puddlers in the Pittsburgh district—organized as the Sons of Vulcan—were locked out because they refused to accept a reduction in wages.

The manufacturers raised a pool and brought workmen from Europe. It was the first large importation of labor—the first of a flood of immigration that was soon to give a foreign complexion to Pittsburgh. Few of the substitute puddlers spoke English. As rapidly as they arrived they were allotted to the various mills. A group of Germans were assigned to Andrew Kloman.

Now for the illustration of “Carnegie Luck”:

Among the Germans sent to Kloman [writes Bridge] was one named John Zimmer, a bright, capable fellow, who knew not only his own business but that of the next man. After he had been a little time in the works, he described to Mr. Kloman a mill that he had worked on in Germany, on which it was possible to roll plates of various width having well-finished rolled edges. Such plates were unknown in America. The mill described by Zimmer consisted of a pair of horizontal rolls similar to the ordinary plate-mill then in use, but having in addition two movable vertical rolls that could be opened or closed at the will of the operator. Mr. Kloman was at once struck with the value of the improvement, especially for rolling material for bridge orders; and with Zimmer's aid he erected the first German mill in the country. This is the machine now known in the trade as the Universal Mill. It was capable of rolling plates from

seven to twenty-four inches wide, and from three-sixteenths to two inches in thickness, with rolled edges. From the first day this mill was a mechanical success, and was the forerunner of several improved mills of the same character afterwards erected at the Upper Mill and at Homestead. Indeed, the great slabbing mill which was erected at Homestead in 1888 was a lineal descendant of the little Zimmer mill built in 1867-68 at Kloman's. . . .

This little idea of the German workman has been worth millions of dollars to the firm that imported him to take the place of a striker. . . .

In the larger sphere now opened to it Kloman's inventive genius found free scope. Even in the early days of the Lower Mill he perfected many devices that resulted in improved output and increased economies. Here he invented a machine for "upsetting" the ends of eye-bars, which had previously been made by forging and welding. At the Upper works he put in a twenty inch beam-mill, the first ever built in Pittsburgh that was planned and fitted complete, the rough casting style having been the rule; and on this were rolled the first beams made in Pittsburgh. He also erected the first Siemens regenerative gas-heating furnace in Pittsburgh. He invented a machine for straightening and bending beams, channels, etc., cold; and the disc-saw for cutting beams, etc., cold was first introduced by him. In designing rolls for unusual shapes he showed a rare capacity. Indeed, his ingenuity in this line of work was unequalled by any master mechanic in the country, and made his connection with the Union Mills valuable beyond compute. Naturally, he won the admiration of the men under him, who were well

BRANCHING OUT

qualified to recognize his powers; and his associates reposed entire confidence in his ability, gave him a free hand in the works, and cordially sustained him in his progressive methods.

By the fall of 1867 the budding iron business was running smoothly. So were the Keystone Bridge works. But, beyond the mechanical ability and the forcefulness of the men in command, there was nothing to distinguish them from a dozen other plants in Pittsburgh. If they were to expand and gobble a bigger and yet bigger share of trade, orders and big orders were essential. There was one place above all others in the country to obtain these: New York. Besides, New York was the nation's cultural center. Here, Carnegie felt, he could indulge his craving for education and the things that made for what he vaguely termed "self-improvement."

He determined to go to New York.

With customary abruptness, he broke the news to the family as they sat at dinner in Homewood. "Vera well, Andra," said Margaret Carnegie, promptly. "I'll come with you. Tom and Lucy can live here."

Tom was the mother's favorite. It was difficult to wrench herself away from him. But, where business was concerned, sentiment always came second in the Carnegie family.

So, in the closing weeks of 1867, the widow Carnegie and her eldest son took up quarters in the old St. Nicholas Hotel in New York. Upon an office in Broad Street bloomed the lettering: "Andrew Carnegie, Investments."

Our little thunderbolt of trade was as confident that he could conquer the great citadel of commerce as he was certain that he had outgrown Pittsburgh.

CHAPTER SEVEN

THE FIRST EASY MILLION

IN THE LATE SIXTIES, WALL STREET WAS ABOUT AS glittering an arena as the world provided for the study of human nature in the raw.

A continent's energies, suddenly released from the thralldom of war, were deflected into a thousand schemes of expansion for railways, industry, agriculture—schemes sane and insane, plausible and paradoxical, feasible and flimsy. All these projects required capital. Hence the financial district of New York swarmed with adventurers of a thousand colors—promoters, inventors, salesmen, visionaries, gamblers, miners, go-getters, confidence men and plain crooks.

Upon this picturesque stage stepped the cocky, purposeful little Scot from Pittsburgh. He had just turned thirty-two. His eye was bright, his face full and vital. The hard line of his mouth was hidden by a sweep of moustache and a beard now worn Van Dyke.

In the new environment Andrew Carnegie found his feet as readily as a cat tossed from a couch. His roving fingers clutched at every speculative venture that offered. He was not then ready to present one of the oft-repeated Rules for Success with which he beguiled the young in his mellow and forgetful old age: "Speculation is a parasite, feeding upon values, creating none."

As a bond broker and "feeder upon values" in a

THE FIRST EASY MILLION

variety of ways, Carnegie was a striking success. He had an unerring bargain counter instinct. The menace of the greenback movement had passed. Europe had confidence in President Grant's pledge to redeem legal tenders in coin as soon as possible. Money became easy. Soon the bourses of Europe were bidding eagerly for American securities. Railroad bonds were in especial demand. Bankers in New York and Philadelphia were not backward in supplying the market and pouching huge commissions from all sorts of wildcat schemes.

This was Carnegie's opportunity. He sensed London as the spot to place American securities. He flitted about the money marts, an avid little bee, obtaining options upon bonds. Then he leaped the Atlantic and placed the issues in London. The number and nature of all his deals, in those darting days, will never be known. We have his word that he sold \$30,000,000 worth of bonds alone within a few years of his arrival in New York. Some of these turned out to be worthless as October leaves.

What the ravenous little man's booty was is also a mystery. Yet, within a year, under the softening influence of the Christmas holidays, he penned the remarkable memorandum of our introductory chapter—showing, at thirty-three, an income of \$50,000 a year and a determination to resign money-making at thirty-five to prevent himself from becoming debased "beyond hope of permanent recovery".

Although lure of The Game proved too strong, the curiously partitioned Scot never quite forgot his lofty ambitions. Regularly, he devoted a portion of each day to the quest for culture. Each evening he placed himself in the care of tutors in literature, history, philosophy

INCREDIBLE CARNEGIE

and economics. Languages he could never learn. Knowledge, he realized, is man's most potent weapon. Soon he was to launch a politico-social campaign and a propaganda of personal publicity destined to make the world forget that anyone save Carnegie had a hand in his various enterprises.

In many of his Wall Street forays Carnegie made money three ways.

He would obtain an order, say, for a bridge structure for the Keystone Bridge Company. This, in turn, would throw work to the Union Iron Mills. Then Carnegie would offer to market bonds for the bridge construction company. In the majority of these operations he worked hand in glove with his old bosses of the Pennsylvania Railroad, J. Edgar Thomson and Col. Thomas A. Scott. Carnegie was the go-between for these distinguished gentlemen in deals in which they did not wish to appear publicly. There was undoubtedly a private profit-splitting arrangement. Unfortunately for the complete accuracy of our survey, men then kept as mum about such matters as they do now.

Carnegie's biggest clean-up in his early New York career came through marketing \$4,000,000 worth of bonds for the completion of the St. Louis Bridge, to which reference has been made.

One blustery morning in March, 1869, Carnegie mounted the steps of the old-fashioned dwelling house at 22 Old Broad Street, London, which housed J. S. Morgan & Company, and faced the portly, genial figure of the head of the firm. While the coals crackled in the grate Carnegie read a prospectus which he had prepared upon the boat. It was a good one.

THE FIRST EASY MILLION

"Yours bonds sound like a very good risk," said the grandfather of the present J. Pierpont Morgan. "Come back tomorrow and I will give you a decision."

Next morning Mr. Morgan said he would take the bonds, but his lawyers had advised a good many changes.

"If your principals will agree to the changes, let me know," directed Morgan. "How long do you think it will require to write them and get a reply?"

The leisurely old banker little knew the hustling qualities of his visitor. "Why," exclaimed Carnegie confidently, "I will be ready to close the deal tomorrow. I will use the Atlantic cable and I am sure a reply will be here in the morning."

In those days employment of the cable was revolutionary business procedure. With Morgan observing him curiously, Carnegie sat down at once and wrote a lengthy cable. He showed it to Morgan. Line by line he had gone over the bond and written out the necessary corrections. "Well, young man," remarked Morgan quizzically, "if you succeed in that you deserve a red mark."

In far away St. Louis a special board meeting was held that night and the following morning the deal was closed in London. While Carnegie was jubilantly shaking hands with Mr. Morgan, a card was brought in. "Mr. Sampson, financial editor of *The Times*, is here," said Morgan. "I think I'll have him announce the St. Louis issue."

"Mr. Morgan," put in Carnegie, eagerly, "let me talk to him. I think I can help raise the price of the bonds on the Exchange."

At that particular moment all American securities were in bad odor in London because of the unsavory

I N C R E D I B L E C A R N E G I E

activities of Gould and Fisk in sky-rocketing Erie stock and manipulating judges.

Carnegie told the influential editor that the United States Government itself had chartered the St. Louis Bridge Company, adding:

"Why, if those bonds should ever be defaulted, the purchasers may appeal directly to the Supreme Court of the United States. Furthermore, the bridge is a toll gate upon a populous trans-continental highway. It will make a vast amount of money."

Quite evidently, Editor Sampson was impressed. When he left, Junius Morgan slapped Carnegie on the shoulder and said: "Thank you, young man. You have raised the price of those bonds five per cent this morning."

The incident was to prove of considerable advantage to Carnegie. A few nights later, at a dinner party, Junius Morgan gleefully related the story to George Pullman, the great sleeping car pioneer, and predicted: "That young man will be heard from."

Lady Luck, however, did not always laugh upon him. A flick of fate soon after robbed him of a magnificent commission in the sale abroad of \$5,000,000 in first mortgage six per cent gold bonds of the Philadelphia & Erie Railroad, guaranteed by the Pennsylvania. Dolefully, Carnegie describes the episode as "one of the greatest hits and misses of my financial life":

I wrote the Barings from Queenstown that I had for sale a security which even their house might unhesitatingly consider. On my arrival in London I found at the hotel a note from them requesting me to call. I did so the next morning, and before I had left their banking house I had closed an agreement

THE FIRST EASY MILLION

by which they were to bring out this loan, and that until they sold the bonds at par, less their two and a half per cent commission, they would advance the Pennsylvania Railroad Company four millions of dollars at five per cent interest. The sale left me a clear profit of more than half a million dollars.

The papers were ordered to be drawn up, but as I was leaving Mr. Russell Sturgis said that they had just heard that Mr. Baring himself was coming up to town in the morning. They had arranged to hold a "court", and as it would be fitting to lay the transaction before him as a matter of courtesy they would postpone the signing of the papers until the morrow. If I would call at two o'clock the transaction would be closed.

Never shall I forget the oppressed feeling which overcame me as I stepped out and proceeded to the telegraph office to wire President Thomson. Something told me that I ought not to do so. I would wait till tomorrow when I had the contract in my pocket. I walked from the banking house to the Langham Hotel—four long miles. When I reached there I found a messenger waiting breathless to hand me a sealed note from the Barings. Bismarck had locked up a hundred millions in Magdeburg. The financial world was panic-stricken, and the Barings begged to say that under the circumstances they could not propose to Mr. Baring to go on with the matter. There was as much chance that I should be struck by lightning on my way home as that an arrangement agreed to by the Barings should be broken. And yet it was. It was too great a blow to produce anything like irritation or indignation. I was meek enough to be quite

I N C R E D I B L E C A R N E G I E

resigned, and merely congratulated myself that I had not telegraphed Mr. Thomson.

However, Carnegie found balm for his injured feelings in a lucrative sleeping car deal he and his patron, Col. Scott, arranged with George Pullman. Carnegie and Scott had increased their holdings in the Woodruff Sleeping Car Company, now known as the Central Transportation Company. This company held contracts for sleeping cars upon most of the eastern lines; while Pullman, with headquarters in Chicago, controlled the west. The rival companies were bidding frantically for the business of the newly completed Union Pacific Railroad.

Pullman and Carnegie attended a Union Pacific meeting one day in New York. Each submitted bids. Pullman sized up Carnegie, keenly. His observation confirmed Junius Morgan's opinion. As for Carnegie, he had already determined, if possible, to ally himself with the forceful Chicago man. Pullman was stopping at the St. Nicholas Hotel. That evening after dinner, as Pullman was striding up the broad staircase from the lobby, Carnegie managed to meet him as though by chance.

"Good evening, Mr. Pullman," said Carnegie boldly. "Here we are together and are we not making a nice couple of fools of ourselves?"

"What do you mean?" growled Pullman.

"Why, we are cutting off both our noses," laughed Carnegie. "They'll beat us down to nothing unless we unite. We ought to organize one big company."

The very audacity of the proposition appealed to Pullman.

THE FIRST EASY MILLION

"What would you call the company?" he asked.

"The Pullman Palace Car Company," replied Carnegie, quick as a flash.

"Come into my room and talk it over," said the man who began life as a carpenter and piled up one of the greatest of American fortunes.

Several hours later the details had been worked out and Carnegie became a substantial stockholder in the Pullman Company. A little later he obtained for Pullman an exclusive contract for the great Pennsylvania system and became the largest individual shareholder.

Now Andy felt his oats. These transactions were a far cry from the picayune dickers of his Pittsburgh career. There was no limit to his audacity. His very daring, though, got him into trouble. In 1871 he learned, through Pullman, that the Union Pacific was in vital need of \$600,000. Instantly he saw an opportunity for the Pennsylvania Railroad to obtain practicable control of the Union Pacific. He hurried to J. Edgar Thomson's home in Philadelphia and told the man over whom he seemed to exert almost hypnotic influence: "If the Pennsylvania will trust me with securities upon which we can raise \$600,000 for the Union Pacific, we can run the U. P. pretty much to suit ourselves. The Pennsylvania can't lose because we'll have U. P. stock as security for the loan."

The deal was made. Carnegie and Pullman were made directors and Col. Scott was elected President of the Union Pacific. The three Pennsylvania men, as trustees, were given custody of \$3,000,000 in U. P. shares, which were placed in a vault by Carnegie, with the understand-

I N C R E D I B L E C A R N E G I E

ing that they would be kept there until the \$600,000 loan was repaid.

When it became known in Wall Street that the Pennsylvania was backing U. P., the latter's stock bounded upward. In some mysterious manner large blocks of the shares in the Carnegie-Pullman-Scott keeping were sold at a huge profit. The Union Pacific directors regarded this as a breach of faith and promptly expelled Carnegie, Pullman and Scott. Carnegie always insisted that Scott had sold the securities without his or Pullman's knowledge. However that may be, he and Scott did not follow Pullman's example in reinvesting their profits in the Union Pacific.

Perhaps it was this deal that brought Carnegie a call one morning from a suave, black-bearded man with ferret eyes. "Mr. Carnegie," said Jay Gould, "I have heard of you. If you will manage the Pennsylvania Railroad for me, I will buy it and give you half the profits."

Carnegie looked into Gould's greasy, shifty eyes and declined with thanks. He had no desire to ride Gould's rickety band-wagon. Nor was he at all easy at thought of Gould's deadly hand disturbing the many enterprises in which he and the established management of the Pennsylvania were inextricably linked.

Several times in the course of business Carnegie met young J. Pierpont Morgan. The bluff young American representative of J. S. Morgan & Co. then had an office in Exchange Place. By direction of his father, he handled several of Carnegie's deals. But his manner was noticeably aloof when conferring with the cheeky, energetic Scot.

THE FIRST EASY MILLION

After the humiliating Union Pacific experience, Carnegie and Col. Scott drifted apart. Scott was a sensitive man and he felt bitterly his ejection from the presidency of the Union Pacific. He tightened his lips however, and plunged into a scheme to span Texas with a railroad to be called the Texas Pacific. Carnegie invested in the Texas Pacific but refused to endorse its notes. Scott accused him of ingratitude.

"No," retorted Andy, "I merely won't go in to wade where the water is too deep. I made it a rule long ago not to put my name to any paper that I knew I couldn't pay when it came due."

Carnegie's *envoi* to Scott was that his refusal to help his first benefactor gave him "more pain than all the financial trials to which I had been subjected up to that time."

Such pains were to become chronic.

The Carnegie cardiac region survived them surprisingly.

While Carnegie was raking in the dollars in New York and abroad, his skillful but less spectacular partners in Pittsburgh were not idle. Tom Carnegie and Harry Phipps worked like Trojans in their efforts to expand the iron business. These young men were remarkably congenial. They made a pact to share equally in everything they went into, forming a little closed partnership of their own.

With the cost of shipping Lake Superior ore rapidly decreasing, half a dozen Pittsburgh manufacturers determined to smelt their own pig iron and save an appreciable part of the \$40 a ton they were paying the small

I N C R E D I B L E C A R N E G I E

local blast furnaces. The combination purposed to build two large furnaces and invited the Union Iron Mills to join. The younger Carnegie and Phipps, as always, went to William Coleman for advice.

"If you boys want to make pig iron," the clear-headed old veteran told them, "it seems to me that it would be better for you to build your own furnace rather than to go shares with other people."

Andrew Carnegie, the capitalist of the crowd, had the keenest respect for Mr. Coleman's judgment. Accordingly, he was quick to endorse the proposal to build an independent furnace. On December 1, 1870, Kloman, Carnegie & Company was organized. The partners were Kloman, Phipps and the two Carnegies. It was the first time Andrew Carnegie's name had appeared in the title of any company.

As soon as the weather permitted, construction of the first so-called Lucy Furnace was begun at Fifty-first Street, Pittsburgh. At the same time the rival manufacturers formed the Isabella Furnace Company and began the erection of two furnaces. Later they built a third. The Lucy Furnace was named for Tom Carnegie's sparkling wife; the Isabella for Mrs. Herron, sister of a partner in the opposing combination.

Each furnace was seventy-five feet high with diameter of twenty feet at the bosh, or widest point. Going into blast at about the same time in 1872 the giant furnaces began a race in the production of pig iron that became the wonder of the iron world. Pig is the crudest form of manufactured iron. It gains its name from the shape of the moulds into which it is poured for hardening.

The rivalry between the Lucy and the Isabella is

THE FIRST EASY MILLION

comparable to that of famous old steamboats on the Mississippi and the Ohio. Over and over again these furnaces broke world's records. On October 24, 1874, to the wild hurrahs of its crew, the Lucy smelted more than one hundred tons. The news was received with amazed incredulity and iron men poured into Pittsburgh from all over the country and even from England to see the marvel for themselves.

But the miracle was just beginning to unfold. Lucy No. 1 and No. 2 (the latter built in 1877) were destined to pour out under Carnegie control 3,000,000 tons of iron, valued at \$57,000,000, more than twenty per cent of it clear profit. This, of course, was beyond the dreams of the men who struggled with the monster furnace in the early days.

A description of Lucy No. 1, artless but interesting, appeared in the *Iron Age* of 1873:

The Lucy Furnace was built by Messrs. E. J. Bird and William Tate and went into blast in May, 1872. Like most Western furnaces, it is an iron cyclinder lined with fire-brick, with an independent iron gas-flue, around which winds an iron stairway, by means of which access is had to the top of the furnace. The fuel and ores are carried to the tunnel head in barrows by means of a pneumatic lift, from which they are run under cover of an iron roof to the top of the stack and dumped by hand.

There are three excellent blowing engines and four pumping engines to raise from the Allegheny the water needed about the furnace. Steam is raised by a battery of eight boilers, each sixty feet long by forty-three inches in diameter. The capacity of the furnace is about 550 tons a week, taking the average

I N C R E D I B L E C A R N E G I E

of the seasons. The ores used are mostly Lake Superior, specular and hematite. Some Iron Mountain ores have been smelted in the furnace; but they were found more costly than profitable, and their use has been abandoned.

The fuel is a coke made from the slack of the bituminous mine near Pittsburgh—at ovens located at Carpenter's station on the Pennsylvania Railroad, about nineteen miles distant. The fuel costs but \$3.60 per ton at the furnace, and we are informed that the consumption in the stack is only about one and a half tons to the ton of pig-iron made. . . Among the novelties to be seen at these works is a very simple and practical machine for cooling slag, invented by Mr. Andrew Kloman, one of the proprietors. . .

Some months ago the furnace got a chill, and but for the ingenious manner in which it was cleared the company would have suffered a heavy loss in consequence. The following account of the means employed, which we take from a paper recently read by E. C. Pechin before the American Institute of Mining Engineers at Philadelphia, will be read with interest:

"She had been working well on low-grade ores of about fifty per cent., producing daily sixty-eight to seventy-five tons. There was on stack five hundred tons of Republic ore—one of the purest and best of the Lake Superior ores, averaging over sixty-eight per cent of iron—which had been procured for the purpose of making a trial for Bessemer iron. This was charged by itself, and Mr. Skelding, the founder, reports that he did not succeed in getting a single cast when it came down, before the furnace chilled from the hearth to the top of the bosh, some twenty-five

THE FIRST EASY MILLION

feet. Every effort was made to save her, but without avail; and the disagreeable duty of cleaning her out was begun. The hearth was dug out some five or six, or perhaps eight feet up, when Mr. Skelding remarked, in the hearing of one of the proprietors, that he wished he had a cannon. A mortar was forthwith procured from the arsenal, and they commenced firing shots into the chilled mass. A large number of shots were fired and with considerable success, bringing down from time to time portions of the chill. But by and by the mass became pasty, and the cannon balls, of which they only had three, stuck fast. Mr. Skelding put in a large charge of powder and then, to the amusement of the bystanders, rammed the mortar full of cotton waste, and on top of this placed a lump of hard ore weighing about fifty pounds. This novel shot brought down the scaffold and cannon balls and the furnace is again running and doing exceedingly well."

As far as the writer knows no patent has been taken out for this process (for a wonder!), so that it is available for any furnace man who is so unfortunate as to have a scaffold.

The chill described above was not the only tribulation of the partners. Phipps, Kloman and Tom Carnegie were constantly experimenting to determine the proper proportions of ore, fuel and lime. The problem was to rid the ore of sulphur and phosphorus—those twin banes of iron men. To solve it, so far as possible, Phipps and the younger Carnegie sent to Germany and hired Dr. Fricke, an eminent chemist. Others in the trade laughed at them but the chemist earned his salary many times

I N C R E D I B L E C A R N E G I E

over. He discovered ore of high iron content in many mines that had been overlooked.

"The Lucy furnaces during all this time were the especial care of Mr. Phipps," says James Howard Bridge, in his "Inside History of the Carnegie Steel Company". "For months he almost lived in their vicinity and sat up with them at night when they were ailing as he would have watched by the sick-bed of a favorite child. As he had earlier watched the machinery at work at the Union Mills, he now attended the operation of the furnaces night and day, thinking, scheming and studying them in every aspect."

Phipps eagerly welcomed suggestions. In 1873, an Englishman, Whitwell, inventor of an improved blast-furnace stove, came to inspect the marvellous Lucy Furnace. He suggested that a change in the shape of the bell, or central funnel, would increase the output by providing a better draught. Whitwell fashioned a glass model and arranged a demonstration. It was a bitter day. Andrew Carnegie came down from New York and, with his partners, stood in the open for hours. He did not at all mind the resultant cold. For the Whitwell experiment was a huge success and doubled the production of the furnace.

Among his office workers Phipps discovered an alert, ambitious young man, Henry M. Curry, whom he placed in charge of his newly installed auditing system. Curry was as eager as any partner for the success of the furnace. Soon he succeeded William Skelding as superintendent. Under Curry, the Lucy furnaces rang up phenomenal records.

Henry M. Curry, until his death in 1899, was one of

THE FIRST EASY MILLION

the invaluable silent forces in the Carnegie enterprises.

But Harry Phipps, in those years of struggle and doubt, was the "pocket-nerve of the concern." Amid a welter of unavoidable technical detail, Bridge sketches for us charming pictures of the cobbler's unassuming son:

Mr. Phipps acquired a reputation for close trading at this time which is still remembered. In buying scrap-iron he had to bargain with all sorts of odd characters, one of whom would insist in the strongest brogue that "divil a cint was left to a harrd wurking man afther a thrade with Harry Phipps, bad 'cess to him!" Another was detected in an ingenious method of evening things up. He had two carts shaped and painted exactly alike, but one weighed about five hundred pounds more than the other. On delivering his first load of scrap at the furnace he would use the light wagon, which was weighed both before and after unloading, and the difference constituted the net weight of scrap for which he was paid. On subsequent trips, however, he used the heavier cart, and failed to weigh it after unloading. The clerk, believing that it was the same cart as had previously been weighed empty, credited him every trip with five hundred pounds more than had been delivered.

And again:

Mr. Phipps knew that the Union Iron Mills, in common with all similar works, made a large amount of heating-furnace or flue cinder, which was considered a waste product and thrown out on the river banks. He quietly had some of this cinder

analyzed and found it as rich in iron as the puddle-cinder. It also worked equally well in the furnace and carried less than one-fifth the amount of phosphorus contained in the puddle-cinder. He therefore changed the furnace mixture to sixty per cent of flue-cinder and forty per cent of Lake Superior ore; and, despite this great economy, a better pig iron was produced than before. This was kept a trade secret for years, during which thousands of tons of flue-cinder were bought at prices much below the cost of puddle-cinder. Indeed, the firm for years sold its puddle-cinder through brokers at \$1 and \$1.50 per ton, which found its way into the hands of a competitor, and in the same way bought this competitor's flue-cinder for fifty cents a ton. Naturally the Lucy Furnace was prosperous and making money when rival concerns, thus disadvantaged, were running behind.

This incident, one of many that might be cited, fairly illustrates the character of the services which Mr. Phipps was constantly rendering his firm; for of course his discovery was only used to benefit the company. It also recalls the fact that not all the partners took the same broad view of their obligations to the common interest; for one of them, a *protégé* and cousin of the Carnegies, who had recently been admitted into the partnership, engaged in a private speculation on the strength of Mr. Phipps' discovery. He bought up all the flue-cinder he could hear of; but, lacking a knowledge of the correct percentages, or being estopped by partnership obligations from making them known, he could find no market for his cinder-heaps, and he made a large loss.

THE FIRST EASY MILLION

Historian Bridge delicately refrains from naming the flue-cinder speculator. The partner with the true Carnegie money-itch was George Lauder. "Dod" had been brought to America in December, 1871, to demonstrate a process for washing and coking dross from coal mines, which he had learned in Wigan, England. He became manager of works the Carnegies built at Larimer's Station on the Pennsylvania Railroad.

This cousin and boyhood playmate had a nature as acquisitive as Andrew Carnegie's own. Carnegie smoothed for him the road to fortune. Part of this fortune, it is interesting to note, became linked two generations later with a pugilist, Gene Tunney, through his marriage to "Dod's" grand-daughter, Polly Lauder.

But to return to Phipps:

The unobtrusive little man did not confine his urge for economy to the Lucy Furnace. He surprised his partners in the winter of 1872-73 by suggesting the separation of the Lower and Upper Union Mills. Presenting an imposing array of statistics, Phipps explained: "For one third the value of the Lower Mill, we can enlarge the Upper Mill and make its product equal to both. Our saving will be \$25,000 a year, or five per cent of our capital."

Andrew Carnegie studied Phipps' figures long and earnestly. "Looks workable," he announced finally. "But who will buy the Lower Mill?"

Phipps had the answer. He intended to sell to his brother-in-law, John Walker, and to John T. Wilson, an iron maker, whose firm, Berry, Courtney & Wilson, was on the eve of dissolution. Both men had already made their mark in the business world of Pittsburgh.

I N C R E D I B L E C A R N E G I E

Walker was the son of a merchant. Carnegie's eye had been on him for some time. He was the sort of chap bankers trusted.

Thus the firm of Wilson, Walker & Company was formed. Andrew Carnegie subscribed \$60,000 of the \$200,000 capital as a silent member of the firm. The machinery of the old Girty's Run shop as well as the Kloman Iron City Forge, together with the Zimmer mill and other improvements, went into the new concern.

With the opening of the West and the resultant enormous railroad expansion, came a tremendous demand for rails more durable than the brittle iron ones in use. William Coleman and Tom Carnegie, who occupied adjoining houses in Homewood, got their heads together nightly over the possibility of erecting a steel mill. William Kelly, a Pittsburgh Irish-American, and Henry Bessemer, an Englishman of French descent, had demonstrated beyond a doubt that cold air, blown into molten iron, would refine it into steel. Robert F. Mushet, a Scotchman, had perfected a process of purifying boiling pig iron by the Kelly-Bessemer "pneumatic process"; and then pouring back enough carbon to harden the metal into the required quantity of steel.

In England the steel industry was well established. America had lagged behind. Indeed, it was not until 1865 that Capt. Eber B. Ward, father of Clara Ward (the *Princesse de Chimay*) produced in Chicago the first steel rails rolled in the United States.

By 1871, half a dozen or more plants in various parts of the country had installed Bessemer converters. In that year William Coleman, sixty-five but hale and enthus-

THE FIRST EASY MILLION

iastic as a boy, toured these plants—at Johnstown, Troy, Harrisburg, Cleveland, Spuyten Duyvil. He returned to Pittsburgh a firm believer in the new metal. The contagion of his faith spread to Tom Carnegie and a group of neighbors and business associates.

But Mr. Coleman and his son-in-law could not convert Andrew Carnegie. He replied coldly to their numerous letters, pointing out the prohibitive cost of a steel plant, purchase of machinery, patents, etc.

"Pioneering doesn't pay a new concern," said Andy, stubbornly. "Wait till the process develops."

Coleman and Tom Carnegie determined to organize a company, independent of their wealthiest associate. They took an option on a hundred-acre farm, Braddock's Field, on the Monongahela River, twelve miles above Pittsburgh. The farm was notable as the exact spot on which General Braddock was defeated by the French and Indians in 1755. They interested Kloman, Phipps, David McCandless, Vice President of the Exchange National Bank, the latter's friend, William P. Shinn, David A. Stewart, President of the Pittsburgh Locomotive Works, and Stewart's brother-in-law, John Scott, a director of the Allegheny Valley Railroad.

Andrew Carnegie saw that his brother and Mr. Coleman meant business. On his next trip to England he gave steel more attention than bonds. At Derby he saw steel rails that had lasted for years, whereas iron rails had to be renewed every few months. He watched while a giant Bessemer converter, roaring like a volcano in eruption, breathed iron into steel.

That convinced him.

As quickly as steam could carry him he rushed to

I N C R E D I B L E C A R N E G I E

Pittsburgh and told Coleman and his brother: "I am with you. Let's build a steel plant as fast as we can and get in the game!"

Thus, fortuitously, Andrew Carnegie was "dragged by the tail" into a venture that was to enrich him beyond measure.

On January 13, 1873, the firm of Carnegie, McCandless & Company was formed. It was capitalized at \$700,000. Andrew Carnegie subscribed \$250,000; William Coleman, \$100,000; and Tom Carnegie, Phipps, Klotman, Shinn, McCandless, Scott and Stewart put in \$50,000 each.

Ground was broken in the spring.

"Full steam ahead!" was the cry.

None of the buoyant partners foresaw that in a few months the country would be in the grip of a terrible panic—that railroads would default interest on their bonds, iron mills be shut down and "reduced to the value of a scrap heap"; and working men would be walking the streets of Pittsburgh begging jobs and bread.

CHAPTER EIGHT

A PANIC AND BILL JONES THE PEERLESS

ON SEPTEMBER 18, 1873, ANDREW CARNEGIE WAS lolling on the porch of a little frame summer cottage he had purchased for his mother at Cresson Springs, in the Alleghanies, when he received word that the great banking house of Jay Cooke & Company had failed. Jay Cooke was the dean of American banker-promoters. He had been the North's chief financial prop in the Civil War. He was the backer of the Northern Pacific Railroad. His bank, hitherto considered impregnable, held the savings of hundreds of thousands.

Carnegie paled. He knew that a commercial cataclysm was at hand. It had come almost without warning. Practically every cent of Carnegie's fluid capital was tied up in the new steel venture and in his iron enterprises. A much shaken young man bade his mother a hasty good-bye and took the first train for Pittsburgh. Here, to his surprise, he found his partners and other business men seemingly unaware of the probable effects of the disaster. They set it down as a "Wall Street flurry", reasoning, as did so many supposedly intelligent observers in the Black Autumn of 1929, that no industrial panic would follow the Wall Street collapse.

"While I was seated at my desk on the afternoon of September 18," placidly writes Judge Thomas Mellon, founder of T. Mellon & Sons, in his reminiscences, "our

I N C R E D I B L E C A R N E G I E

notary public, Mr. Whitney, looked in and asked if I had heard of it [the Cooke failure]. I replied no. He said it had caused a good deal of excitement in New York and Philadelphia. The news did not disturb me, indeed it scarce attracted my attention, as we had no relations with Cooke or his railroad projects; and I supposed the flurry caused by it would blow over without any serious effect, as it had done after similar failures of others."

Judge Mellon and other optimists were soon disagreeably awakened. House after house went down. Stocks hit rock bottom and the Exchange was closed. For the first time Clearing-House certificates were issued. Runs began on savings banks. The railroads abandoned construction projects and refused to pay bills due. Orders for coal and iron dwindled to a dribble. Within a few months a "veritable paralysis," Rhodes remarks, gripped Pittsburgh, indeed all of Western Pennsylvania.

Those were terrible months for Carnegie and his partners. They stopped the erection of the steel works and reduced to skeletons the forces in their other plants. The infant steel company would have expired in its cradle had not certain of the Carnegie associates contributed freely of their private resources and credit. Conservative business pillars in Pittsburgh regarded Andrew Carnegie quite frankly as a flighty young man with more luck than brains. One day, as Carnegie passed down the street, old John Moorhead, richest man in Pittsburgh, pointed him out to a friend and remarked sourly: "There goes a foolish young man. He has bitten off more than he can chew. He wasn't satisfied to do a small, safe business like the rest of us. He had to launch out. Mark my words—he'll come to grief yet."

BILL JONES THE PEERLESS

There was no question, though, of the standing and probity of David McCandless, William Coleman, David A. Stewart, William P. Shinn and John Scott. These men, particularly Coleman, pulled the steel company through and advanced money for the other Carnegie enterprises. Andy wept tears of gratitude when thanking Coleman—"that grand, grand old man" he called him—for his yeoman assistance. A little later we shall find him quarreling with the Grand Old Man and forcing him out of the rich steel works.

While an adept at holding off creditors, Andy was a leech in dunning debtors. The Fort Wayne Railroad owed the Union Iron Mills a considerable sum for material. William Thaw, the Vice President, told Carnegie that the road was paying no bills that were not protestable.

"All right," rejoined Carnegie, "your freight bills are in that category and we shall follow your excellent example. Now I am going to order that we do not pay you one dollar for freight."

The two men glared at each other. "If you do that," said Thaw, bringing a fist down upon his desk, "we will stop your freight." Carnegie walked out. Thaw did not carry out his threat. He had watched Carnegie's career since his messenger days and he was one of the few solid men in Pittsburgh who believed the Scot would go far.

The tightest pinch for Carnegie came with the collapse of Col. Scott's Texas Pacific Railroad. Carnegie was in New York when he learned that his first benefactor and the staunchest friend of his struggling years was a ruined man. But he had no time to extend condolences. President Schoenberger, of the powerful Exchange Bank

I N C R E D I B L E C A R N E G I E

of Pittsburgh, thought it impossible that Carnegie was not involved with Scott. He called a meeting of his board and suggested drastic cutting off of credit to the Carnegie companies. Carnegie was at the bank before the board adjourned. He had popped into Pittsburgh during the night. He was able to convince the directors that he had been too cautious to endorse any of Scott's paper.

Thereafter, the Exchange and other banks swung to the other extreme and freely advanced credit to Carnegie.

Among the victims of the panic was Andrew Kloman. The visionary German had rashly invested in two smelting and mining concerns, the Escanaba Furnace Company and the Cascade Iron Company. Both crashed. The stockholders were personally liable. Creditors threatened to push Kloman into bankruptcy and to seize his interests in the Carnegie companies. Carnegie went wild. He had known nothing of Kloman's outside ventures. For self-preservation, it was imperative to rescue Kloman.

Accordingly, he persuaded Kloman to assign his various interests to him and to secure a judicial discharge. Carnegie promised, in writing, to restore Kloman to full partnership when things cleared up. The offer, though the simple-minded Teuton did not know it, carried no legal consideration. Carnegie took charge of Kloman's affairs and settled the claims of creditors at fifty cents on the dollar. During the entanglement he paid Kloman a salary of \$5,000 a year.

When Kloman was once more legally entitled to hold property, he asked Carnegie to live up to his agreement

BILL JONES THE PEERLESS

to restore his partnership. Carnegie bluntly refused. "My letter does not constitute a binding contract," he said coldly. "You may stay with us if you devote all of your time, every minute of it, to manufacturing. You may have an interest of \$100,000, to be paid out of profits."

Kloman angrily refused this offer and passed out of the Carnegie picture in bitterness. Until the day of his death the able but erratic German insisted that he had been deeply wronged. Most people in Pittsburgh agreed with him.

Before he broke finally with Kloman, Carnegie made certain that he had a worthy substitute. This was William Borntraeger, a distant cousin of Kloman. An immigrant lad, unable to speak English, William had been taken into the mills years before by Kloman, who taught him all the secrets of iron making. William was capable, amusing and tractable—qualities that went far in Carnegie's estimate of his employees. Borntraeger was made manager of the Union Mills. Before he died he was a junior partner with an income of \$50,000 a year.

The new manager amused Carnegie immeasurably. The little Scot often set gatherings in a roar with anecdotes of Borntraeger. Once William made a pepping-up speech to his fellow officials, concluding with this remarkable sentence in his German idiom: "What we haf to do, shentlemens, is to get brices up and costs down and efery man stand on his own bottom."

Once William told Carnegie about his sweetheart in Germany.

"I suppose she is a tall, peaches-and-cream sort of girl," remarked Carnegie.

"Vell, Mr. Carnegie," retorted William, after a mo-

I N C R E D I B L E C A R N E G I E

ment of deep thought, "she is a leetle stout. If I had the rolling of her I give her yust one more pass."

Captain Evans ("Fighting Bob") was at one time government inspector at our mills, [recounts Carnegie]. He was a severe one. William was sorely troubled at times and offended the Captain, who complained of his behavior. We tried to get William to realize the importance of pleasing a government official. William's reply was: "But he gomes in and smokes my cigars" (bold Captain! William revelled in one-cent Wheeling tobies) "and then he goes and contems my iron. What does you tink of a man like dat? But I apologize and treat him right tomorrow."

The Captain was assured William had agreed to make due amends, but he laughingly told us afterward that William's apology was: "Vell, Captain, I hope you vas all right dis morning. I haf noting against you, Captain," holding out his hand, which the Captain finally took and all was well.

William once sold to our neighbor, the pioneer steel-maker of Pittsburgh, James Park, a large lot of old rails which we could not use. Mr. Park found them of a very bad quality. He made claims for damages and William was told that he must go with Mr. Phipps to meet Mr. Park and settle. Mr. Phipps went into Mr. Park's office, while William took a look around the works in search of the condemned material, which was nowhere to be seen. Well did William know where to look. He finally entered the office, and before Mr. Park had time to say a word William began:

"Mr. Park, I vas glad to hear dat de old rails what I sell you don't suit for steel. I vill buy dem all

BILL JONES THE PEERLESS

from you back, five dollars ton profit for you.”
Well did William know that they had all been used.
Mr. Park was non-plussed and the affair ended.
William had triumphed.

With the slow return of prosperity work was resumed on the steel works.

J. Edgar Thomson had taken \$100,000 worth of bonds issued during the panic. Carnegie was anxious to remain in the good graces of the man who could pare down his freight bills and help him in many other ways. Thomson was a little peeved because the steel mill had been placed within as easy distance of the Baltimore & Ohio Railroad as of the Pennsylvania. “Andy should have located his works a few miles further East,” Thomson remarked to Robert Pitcairn, superintendent of the Pittsburgh division.

By an adroit bit of flattery Carnegie appeased the great man. He named the works for him. How now could Thomson refuse his very god-child rebates and other valuable favors?

As an outcome of the panic, limited liability companies were authorized by the Pennsylvania legislature. The Carnegie associates were quick to take advantage of the law. On October 12, 1874, the Edgar Thomson Steel Company, Limited, replaced Carnegie, McCandless & Company. To cover the bond issue, forced by the panic, capital was increased to \$1,000,000.

Alexander L. Holley, most expert Bessemer engineer in the country, was in charge of the construction. Although still in his thirties, Holley was a unique figure in the steel world.

"To describe Holley fairly," writes Herbert N. Casson in *The Romance of Steel*, "requires not only words, but music and painting and sculpture. Handsome as a Greek god, with the brain of an engineer, the heart of a woman, and the soul of a poet, Holley won a larger share of the love and respect of both the American and European steel-makers than any other individual has received, before or since. There was nothing local about his work. He was as ubiquitous as a spirit, erecting steel plants at Troy, Chicago, Joliet, Pittsburgh, Braddock, Johnstown, Bethlehem, Harrisburg, Scranton and St. Louis. He went from works to works as a bishop travels his diocese, suggesting, correcting, and always improving.

"It was Holley who made the Bessemer process easy and swift. It was he who made possible that immense production which has amazed the world and clogged Pittsburgh with millions. When the river of gold that flowed into the steel trade's treasury suddenly became wider and deeper, it was because Holley had been at work enlarging the channel. He worked out what we may rightfully call the American plan of steel-making. He made war on clumsiness. He taught the steel men what they had never known before—the value of a second. His personal magnetism, his eloquent tongue, and his ready pen made him an ideal instructor. He became the leader and inspirer of a body of young men. Holley's one thought was that 'America must be first', and the building of steel-mills was to him more a matter of patriotism than of business."

While the Edgar Thomson plant was taking form Holley obtained as a helper and practical adviser a young man from the pioneer Cambria Works at Johnstown.

BILL JONES THE PEERLESS

His name was William R. Jones—a name destined to be written large upon the horizon of steel. To this day steel men exhaust hyperbole when they speak of Captain Bill Jones. With the possible exception of Henry Clay Frick, Jones was the most valuable man who ever wore the Carnegie collar. Yet, in his evasive and fragmentary autobiography, Carnegie makes but passing reference to him and to his surpassing services.

As a genius in mechanics, Jones was without a peer. Many of his inventions are in use today. As a manager of men, he was incomparable. Almost single-handed he wrested from England the steel supremacy of the world. By a deft stroke, Andrew Carnegie obtained for the Edgar Thomson works this man who was to become the outstanding individual figure in Carnegie's amazing and instantaneous early success as a steel manufacturer.

The career of Bill Jones deserves our closest scrutiny:

He was born in 1839 in the squalid hamlet of Cata-sauqua, Pa. The village consisted of little more than the Crane Iron Works and row upon row of monotonous company houses. The superintendent at the works was David Thomas, the first iron master in America to use a "hot blast" furnace and manufacture pig iron with anthracite coal. The iron workers were Welsh and Irish. Jones' father, a pattern-maker, was the leader of the Welsh.

Billy Jones was a roistering, rollicking boy, slight, spare and active, with twinkling blue eyes. He liked to fight and he liked to play. He had a big bump of curiosity. Once he cut his finger nail open with a jack-knife "to see what was underneath."

His father had about the only collection of books in

I N C R E D I B L E C A R N E G I E

the village—more than a hundred volumes. The boy, Billy, lay for hours on the bare floor of company cottage No. 315 and wrestled with Plutarch and Shakespeare and Josephus. Thus he acquired an education and a vocabulary of his own. Throughout his life he could quote poetry or rip out awesome strings of profanity in language of classic purity.

Jones absorbed the art of iron-making at an age when other children were flying kites or playing with tin soldiers. At ten, he was a general handy boy about the Crane works. At eighteen he ran away from home. His wanderlust took him all over the country. In Chattanooga he met a lovely young girl, Harriet Lloyd, and wooed her madly. She married him. Jones had a friend in the Cambria Iron Works. Through him, he got a two-dollar a-day job at Johnstown.

Under Daniel J. Morrell, a Quaker, Cambria became a nursery of great iron and steel makers. In a corner of the yard Jones watched William Kelly, the "Irish crank", turn the skepticism of rough and scoffing puddlers into amazement by blowing iron into steel in his queer-looking converter.

During the Civil War Jones enlisted as a private in a regiment of infantry. He won a captaincy and a reputation for reckless daring. Once, while a pontoon bridge was being erected for a river crossing, Jones shouted: "To hell with the bridge! Come on, boys, let's swim!" He leaped from the bank. The water was only a couple of feet deep. The rash young soldier's nose was split as with a cleaver.

Returning to Johnstown after the war Jones was made foreman of a gang. Often he would drop work or

BILL JONES THE PEERLESS

take his men to a horse race or a ball game. He would have been fired a good many times—only Morrell noticed that his men would work twice as hard for him as for the other sub-bosses.

By 1873 Jones was familiar with every process of iron and steel manufacture. In that year George Fritz, the Cambria manager, died. All the men at the works hoped Jones would be selected as his successor. But Jones did not get the job. Morrell distrusted his frolicsome disposition. He offered the place to another Catasauqua boy, Daniel N. Jones. The latter came to his bosom friend, Bill Jones, and said: "You are entitled to the job, Bill. I won't take it."

"The hell you won't," said Bill. "You must take it. The company wants you, not me, and it's a great chance for you. As for me, I'm going to straighten up and show what I can do. Maybe I'll go somewhere else."

Soon fate took a hand and solved Bill Jones's problem. It also solved for the Edgar Thomson men the puzzle of how to obtain for their works men experienced in steel-making.

A labor dispute broke out at Johnstown. The company thought its foremen should be able to control their men, and served an ultimatum upon Jones and other department heads that their own jobs would be forfeit unless they ended the trouble. As it turned out, Morrell could not have made a greater blunder. Rumors of the dispute reached Andrew Carnegie in New York within a day or two.

"Carnegie returned hastily to Pittsburgh," narrates James Howard Bridge, "and proposed to his firm that these heads of the Cambria departments be invited to join

I N C R E D I B L E C A R N E G I E

the new works at Braddock. This was done; and Captain William R. Jones having accepted the invitation, the leading men in every department hastened to follow his example. In this way Carnegie, McCandless & Co., secured a corps of trained men who had gone through the costly apprenticeship of Bessemer steel-making at the expense of a rival concern. It was a master stroke and at once carried the embryo business past the experimental stage. Among the men thus secured, in addition to Captain Jones, who was without a peer, were Captain Lapsley, superintendent of the rail mill, John Rinard, superintendent of the converting works, Thomas James, superintendent of machinery, Thomas Addenbrook, head furnace builder, F. L. Bridges, superintendent of transportation, and C. C. Teeter, chief clerk. Later, scores of others followed. Indeed, there was hardly a skilled workman in the whole of the Cambria plant that did not want to join his beloved 'Bill' Jones; and when the Edgar Thomson mill was ready to open, many of them did so. During the panic the first arrivals were put on board wages, and kept about the place until the trouble was passed, and the work of construction resumed."

While the plant was building Jones and Holley worked together like brothers. Both improved everything they touched. Jones often surprised Holley by the boldness of his suggestions. Jones wanted to put in open-topped housing for the rail mill. Holley remonstrated gently that this type of housing had been installed at works in Lackawanna and abandoned.

"Sure," replied Jones, "they put 'em down with three-inch round iron bolts. I'm putting mine in with four-inch square steel bolts."

BILL JONES THE PEERLESS

"I grant you," said Holley, "that if you put them in with four-inch square steel bolts you will be able to hold them."

"Then why in hell," retorted Jones, emphatic but smiling, "shouldn't I put 'em in with four-inch steel bolts if that will accomplish what I am after?"

Again, one day he noticed a burst hose.

"See here," he asked sharply, "why can't we get a coil of wire and wind it around the hose to keep it from busting? That will be just like a protection of armor-plate."

A simple innovation but no one except Jones thought of it.

The Captain had very positive ideas about the character and caliber of the men he wanted for his force. "We must steer clear of the West," he said, "where men are accustomed to infernally high wages. We must steer clear, as far as we can, of Englishmen, who are great sticklers for high wages, small production and strikes. My experience has shown that Germans, Irish, Swedes and what I denominate Buckwheats—young 'American country boys—judiciously mixed, make the most effective and tractable force you can find. Scotchmen do very well, are honest and faithful. Welsh can be used in limited numbers. But mark me, Englishmen have been the worst class of men I have had anything to do with. I have always found it best to treat men well. Make the works a pleasant place for them. Take an interest in their welfare. All haughty and disdainful treatment of men has a decidedly bad effect on them."

The Captain's most valuable invention was the Jones mixer, still in use. This huge, brick-lined iron box held

I N C R E D I B L E C A R N E G I E

500,000 pounds of melted metal. Trains of ladles, or small iron cars, dumped the sizzling, iridescent metal into the yawning mouth of the mixer. Then the great box was rocked to and fro like a gigantic cradle until the metal fused into a homogeneous mass and was ready to be poured into the converter.

While Holley and Jones were pushing the plant to completion, Andrew Carnegie in New York was drumming up orders. This was no easy task. Times were hard and the railroads were spending not a cent more than they had to. Steel rails were selling at \$120 a ton, gold. However, English drummers had done valuable pioneer educational work among railroad men. But a few years had elapsed since a Sheffield agent, seeking to interest the president of the New York, New Haven & Hartford Railroad in steel rails, was met by a contemptuous snort from a leading director who happened to be in the room:

"Steel rails! Bunk! Bosh! Nonsense! Poppy-cock!"

Now, though, the New Haven and every other important railroad in the country was tentatively trying out the new rails.

Employing every atom of influence he could command, social and financial, Carnegie went after business in his usual impetuous fashion. To a certain extent, he had insinuated his way into metropolitan social and literary circles. He and his mother had moved into the new and fashionable Windsor Hotel. They gave theater and dinner parties and in turn were invited into many homes. There was a sturdy naturalness about the little old Scotch woman that attracted people. The sophis-

BILL JONES THE PEERLESS

tics of New York at first looked upon Andy as something of a freak. His vanity and positive manner grated upon some. But he was always amusing. He could be counted upon to liven any gathering. His stories were pointed and witty. Hostesses first tolerated, then courted him.

Carnegie edged in many a sales talk over coffee and liqueurs. Many a man of wealth and prominence, meeting the bubbling Scot at dinner, found Andy calling next day, ready to carry forward the acquaintance and to suggest that a word here or a word there would be appreciated.

Andy's ceaseless activities bore fruit. Months before the steel plant was ready, sheaves of fat advance orders poured in upon William P. Shinn, who had been appointed general superintendent.

The Edgar Thomson works were completed late in August, 1875.

With all the partners present and flags flying, manager Bill Jones rolled the first rail on September 1.

The Age of Steel was at hand.

CHAPTER NINE

THE GOLDEN FLOOD

THE STEEL PLANT WAS A SUCCESS FROM THE START.

In the first four months Captain Jones and his men turned out double the amount of steel ever before fabricated with similar equipment. Under a careful system of accounting introduced by General Superintendent Shinn—a system showing costs and profits to the last fraction of a cent—the plant earned a net return in September, October, November and December, 1875, of \$41,970.06.

This was just a beginning, a mere warm-up for Jones and his boys, who worked for him with all the devotion of athletes for a beloved coach. Soon the former Cambria foreman was rolling more rails in a day than other plants were producing in a week.

Bill Jones drilled his men as an army top-sergeant, spurring them by methods all his own. A huge broom was his trophy to the gang making a clean sweep of old records. The Edgar Thomson workmen hugged that homely symbol of success closer than a British brewer clasps a title. Jones strode up and down the shops, a benevolent despot, egging on the diligent and blasting with his wrath the slothful. He was ubiquitous. Nothing escaped him.

This is the way his talk ran, as described by those who saw him in action

THE GOLDEN FLOOD

"Do you get enough fresh air in that corner, Joe? I'll have a window put in for you."

"See here, Smith! If you don't pay your honest debts you can't work for me any longer. You go and settle up with that grocer, or I'll find out why!"

"Shove 'er along, boys! All together! Do you want to get licked by those blankety-blank Joliet farmers?"

"Say, Jim! When you're going home tonight, take this piece of paper and give it to Jack Sullivan's wife. Jack died in the hospital last night and, confound it, she's got five children."

The "paper" was probably a substantial gift. Jones, caring nothing for money, scattered half his salary among his men.

In 1876, its first full year of operation, the mill earned a net profit of \$181,007.18.

In New York a crafty little Scotchman received the news with mingled feelings: elation and an itch to seize for himself an even greater share of so succulent a venture. "Where is there such a business?" Andrew Carnegie jubilantly wrote an associate, adding confidentially: "I want to buy Mr. Coleman out and hope to do so soon."

Carnegie's chance came quickly to eliminate the "Grand Old Man" whose urging had led him into steel and whose support had bolstered the tottering Carnegie credit during the panic. In a manner most timely for Carnegie's purpose friction developed between Mr. Coleman and William P. Shinn. The latter had been a railway auditor and Coleman did not approve of some of his innovations in book-keeping. The dispute was carried to Carnegie as chief individual stockholder. The

I N C R E D I B L E C A R N E G I E

affair was trifling and, one would assume, could easily have been settled amicably. But Carnegie flew to Shinn's defense, in a way so studiously irritating that Coleman felt himself humiliated.

Carnegie, a very Machiavelli in such arts, hinted to third persons that Coleman was aging and no longer capable of putting an active shoulder to the wheel. The suggestion was a red rag to the old gentleman who, though he worshipped his son-in-law, Tom Carnegie, had grown increasingly impatient at the overbearing mien of the elder Carnegie.

After a heated interview, in which, forcibly and pointedly, he expressed his opinion of Andrew Carnegie, Mr. Coleman sold his \$100,000 worth of stock in the Edgar Thomson plant at par, payable in five years with interest at six per cent. It was a splendid deal for Carnegie. Coleman knew it. But, he told his intimates, he was glad to rid himself of relations with a young man whose growing self-esteem and cantankerous nature had come to grate insufferably upon him.

In 1877 the new works earned \$190,379.33. Prices were declining but costs were being hammered down in greater proportion.

"We'll make \$250,000 next year!" cried Andrew Carnegie, exultantly.

The prophesy was clairvoyant. Jones and his men were rolling the unprecedented amount of 7,000 tons of rails a month. Other forms of steel were also being made. In the single month of November, 1878, the profits were \$52,000. Andrew Carnegie, who was treating himself to a trip around the world, got the report in Italy. He and his docile traveling companion, John Vandevort,

THE GOLDEN FLOOD

held a gleeful celebration in Sorrento; and Andy wrote home:

"Pyramids & Mt. Etna & Vesuvius have been our last climbs—Mt. E of course we did only from the base. Tell Capt. Jones there was a proud little stout man who gave a wild hurrah when he saw E T ahead. Wasn't it a close race with C I Co. but they had a start. Besides we had to go through the measles you know."

He gave a wilder hurrah next year when the plant earned \$401,800. Capital had been increased to \$1,250,000. The 1879 earnings, therefore, represented more than thirty per cent clear profit. But Carnegie was far from satisfied. His appetite had grown insatiable. He had determined to stake his future upon steel. He told his partners that he had a "sentimental desire" to own half the Edgar Thomson stock. The books a year later showed that he was rapidly accomplishing his purpose. He owed the company \$175,000 on account of stock subscription. This was to be repaid from profits—a delightful and painless method of becoming a majority stock holder.

Although Carnegie scorned the practical details of the business, he was immensely valuable to his firm. He was a salesman par excellence. He was a financier of ability. He was to become a gigantic business booster on a scale hitherto unknown. Even in those early days, he was the pilot in certain waters where finesse, delicacy and secrecy were required.

It was Crafty Andy who obtained the first lucrative rebates from the railroads, an early advantage that was to be expanded into a skein of tangled and devious but profitable relationships. It was he who fought for larger

I N C R E D I B L E C A R N E G I E

allotments in rail pools that were formed from time to time; broken by suspicious competitors; and then established again under constantly shifting conditions and alignment. It was he who walked softly with "statesmen" and their political masters in screened parleys over the tariff and other matters of importance. Carnegie was ever at the center of the cabal of iron and steel manufacturers that won from Congress a protective tariff (once as high as \$28 a ton) against British and other foreign competitors. This, though, anticipates our story. Not for years was the public to know that the lusty young steel industry needed a great deal less of the protection it demanded so vociferously and won so easily.

By 1880, the Carnegie coalition, though eleventh to enter the field, was making one-seventh of all the Bessemer steel produced in the United States. In this year, because of enormous railroad construction and repair projects, rails soared to \$85 a ton. The mill ran day and night. Jones and his singing huskies were rolling 10,000 tons a month. The cost had been reduced to \$36. In eight months the plant cleared more than its original cost. Profits on rails alone were sometimes more than \$10,000 a day. In twelve months the amazed partners counted a profit of \$1,625,000 from the steel works and \$446,000 from the furnaces and iron mill.

Phipps, Tom Carnegie and the others shook their heads and told Andrew Carnegie that such prices could not last.

"Why, boys, it's only the beginning!" exclaimed Carnegie. "A profit of one hundred and forty per cent and more to come!" And he goaded his associates into a wild

THE GOLDEN FLOOD

race for more and yet more dividends. Bridge sketches the rapacious little Scot in action:

Relieved of the routine of detail and the never-ending cares of management which were his partners' daily lot, he had a mind free to range over the industrial field, picking up scraps of information concerning the requirements of railroads, and bringing news of many a large contract. Supplied with daily reports of the product of every department of each of the works, he had leisure to make comparisons, and to prod with a sarcastic note any partner or superintendent whose work did not rank with the best. In time he became very expert at these postal proddings; and with half a dozen scathing words scribbled on the back of his address card, he could spur the best of his managers to still more heroic achievements.

Captain Jones, who was too high-spirited a war-horse to brook such spurrings, sent in his resignation with almost rhythmical periodicity, and was then tempted back into harness by a handsome gift and still handsomer apology. As he put his head into the halter again, he would fling a jibe at the other managers who took their rowellings more tamely. "Puppy dog number three," he would say in sarcastic parody of the scribblings from New York, "you have been beaten by puppy dog number two on fuel. Puppy dog number two, you are higher on labor than puppy dog number one." And so on. This was the lighter side of the system of unfriendly competition which Andrew Carnegie originated and fostered. Some of these managers and partners did not speak to each other for years, so skilfully were their jealousies and rivalries played upon; and there

I N C R E D I B L E C A R N E G I E

was hardly a man at the head of any department of the Carnegie concerns whose flanks were not ripped open in the fierce race for supremacy. Some revolted and flung back the taunts with interest. Others let their anger be transmuted into fresh energy and a determination to win. These were the ones who remained and became "young geniuses." . . .

One closely associated with the group, being asked to define the functions of the various partners in the Edgar Thomson Company, recently made the following trite comparison: "Shinn bossed the show; McCandless lent it dignity and standing; Phipps took in the pennies at the gate and kept the payroll down; Tom Carnegie kept everybody in a good humor, with Dave Stewart as his understudy." "And Andrew Carnegie?" he was asked. "Oh, Andy looked after the advertising and drove the band wagon!" was the ready reply.

With due allowance for its humorous exaggeration, this blunt comparison fairly represents the facts.

Thomas Morrison Carnegie was the only member of the group who was really loved. The genial Tom was at home with the high and the low. He loved his liquor and found as much joy downing a scupper of beer with a workman as sipping Scotch with the mighty. Tom's word, it was said in Pittsburgh, was better than Andy's bond. Tom, indeed, was the only individual who could control his brother's irascible outbursts.

Impatient of restraint, Andy's cudgel fell upon every head. Once the venerable David A. Stewart, driven beyond endurance by the elder Carnegie's taunts, ordered the latter from his home. It required all of Tom Car-

THE GOLDEN FLOOD

negie's diplomacy to smooth over the quarrel and wring from Andy a grudging apology. Stewart was one of those at whose stock Andy was looking with longing eyes. As profits began to pour in with gratifying regularity, Carnegie schemed to make the concern what he termed a "closed corporation." He wrote to William P. Shinn, May 1, 1877:

"There are possible combinations in the future. It isn't likely McCandless, Scott & Stewart will remain with us. I scarcely think they can—I know Harry and Tom have agreed with me that you out of the entire lot would be wanted as a future partner & I think we will one day make it a partnership Lucy F Co U Mills, E T etc & go on that basis the largest and strongest concern in the country."

David McCandless, first chairman of the steel company, drew Carnegie's ire by indulging in an unfortunate stock speculation. Carnegie characterized this as "miserable conduct". He was casting about for means to oust the old man when McCandless died. Andy wrote his associates a letter that seemed to have been wrung from the very depths of a broken heart:

"It does seem hard to bear, but we must bite the lip & go forward I suppose assuming indifference—but I am sure none of us can ever efface from our memories the image of our dear, generous, gentle & unselfish friend. To the day I die I know I shall never be able to think of him without a stinging pain at the heart. His death robs my life of one of its chief pleasures, but it must be borne, only let us take from his loss one lesson as the best tribute to his memory. Let us try to be as kind and devoted to each other as he was to us. He was a model for all of us

I N C R E D I B L E C A R N E G I E

to follow. One thing more we can do—attend to his affairs & get them right that Mrs. McCandless & Helen may be provided for—I know you will all be looking after this & you know how anxious I shall be to co-operate with you.”

McCandless' widow and daughter got the book value of his stock, no more. His son, Gardiner McCandless, refused to sell a small holding of bonds which had been converted into Edgar Thomson stock; and continued for a while with the company.

The next to face ejection was Shinn. This gentleman, however, was of stern metal. He carried his case to court and forced Carnegie to beat a hasty retreat. Shinn was armed with a sheaf of letters fulsomely praising his management of the steel works. For instance, this communication of April 13, 1876, in Carnegie's hasty, curiously punctuated hand:

“I like the tone of your personal letter. Much—Have always known you would find it necessary—if E T proved what we expected—to give it all your time and thought—It is a grand concern & sure to make us all a fortune—With you at the helm, & my pulling an oar outside, we are bound to put it at the head of rail making concerns—

“My preference would be for you to double your interest & manage it to the exclusion of everything else—we to carry the second \$50,000 until you could pay it & allow you to draw on a/c profits any sum required for expenses. but this shall be as you prefer.—We shall not quarrel about your compensation—”

And this note of August, 1876:

“Remember I can see no fault with your management

THE GOLDEN FLOOD

as it is. On the contrary I assure you there are few nights in which before sleeping I don't congratulate myself at our good fortune in having you there—Tom & Harry ditto—but we don't think we can have too much of 'so good a thing' & want somehow or other to get you root & branch."

Shinn, however, became embroiled in a dispute with Phipps. He accused the latter, as director of the Lucy Furnace Company, of furnishing the steel works with inferior pig iron. As an indirect result the Edgar Thomson company built its own blast furnaces. Under the able direction of Julian Kennedy, an experienced mechanical engineer, these furnaces exceeded even the vast output of the Lucy plant.

Andrew Carnegie was on his tour of the world when Chairman McCandless died. Shinn expected to succeed him. Instead, Phipps and the other partners made Tom Carnegie temporary chairman. Shinn complained to Andrew Carnegie who wrote him from abroad: "Let the matter rest until my return & we will meet as friends desirous of pleasing each other, and I am sure our happy family will remain one."

Upon his return Andrew made permanent his brother's appointment. Shinn resigned. Carnegie offered him the book value of his stock. A bitter and abusive wrangle followed. Carnegie accused Shinn of having permitted the Edgar Thomson company to be fleeced in the purchase of supplies. Shinn immediately withdrew a tentative agreement to arbitrate and took the matter to the courts. He stole a march upon Carnegie by obtaining an order for the production of the steel company's books. These, of course, would have revealed the huge profits

I N C R E D I B L E C A R N E G I E

of the golden year, 1880. The Carnegie lawyers begged an adjournment of half an hour and arranged to settle the case. The combative Shinn received the face value of his stock and nearly \$200,000 besides.

Carnegie's trip around the world was the fulfillment of a long cherished ambition. With not a cloud upon his financial horizon, he and his friend, John Vandevort, set out in October, 1878. The leisurely journey consumed eight months. The wayfarers traveled westward.

Margaret Carnegie's parting gift was Shakespeare's complete works in thirteen small, handy volumes. On the trip Carnegie memorized literally thousands of passages. He had with him also volumes of Spencer and of Darwin. He became a more positive evolutionist. In China this astonishing little knowledge seeker, who could battle like a fish monger over a dollar, read Confucius. In India he studied Buddha and the sacred books of the Hindoos. Among the Parsees, in Bombay, he pored over translations of Zoroaster.

He came to the conclusion that there is equal good and equal evil in all religions. Thereafter he accepted no formal religious code.

Carnegie set down the happenings of this trip and later expanded his notes into a book, *Round the World*. It was his first attempt as an author. *Round the World* was dedicated: "To my brother and trusty associates, who toiled at home that I might spend abroad." It is filled with sprightly humor, outspoken opinion and copybook maxims extolling the primary virtues. A flash of his humor: In Singapore he met a young man named Hornaday who was exploring savage areas, collecting

THE GOLDEN FLOOD

rare birds, beasts and reptiles for Professor Ward's museum in Rochester, N. Y. "In the absence of other commercial intelligence," writes Carnegie, "I may quote the market in Mr. Hornaday's line: Tigers are still reported 'lively'; orang-outangs 'looking up'; pythons show but little animation at this season of the year; proboscis monkeys, on the other hand, continue scarce; there is quite a run on lions, and kangaroos are jumped at with avidity; elephants heavy; birds of paradise drooping; crocodiles are snapped up as offered, while dugongs bring large prices. What is pig metal to this?"

Occasionally one is brought up sharply and surprisingly by a passage of pure ecstasy. For instance this description of the Taj Mahal: "Till the day I die, amid mountain streams or moonlight strolls in the forest, wherever and whenever the mood comes, when all that is most sacred, most elevating, and most pure recur to shed their radiance upon the tranquil mind, there will be found among my treasures the memory of that lovely charm—the Taj . . . I wandered around many hours, gazing at every turn, deliciously, not joyously happy; there was no disposition to croon over a melody, nor any bracing quality in my thoughts—not a trace of the heroic—but I was filled with happiness which seemed to fall upon me gently as the snow-flakes fall, as the zephyr comes when laden with sweet odors."

Can this be the man who leaped down the gangplank in New York a few months later, picked up his club and began to bruise heads right and left?

Although Carnegie and his partners had ploughed

I N C R E D I B L E C A R N E G I E

back most of their profits into the business and had given Captain Jones a free hand in discarding expensive but outmoded machinery, the big year of 1880 convinced them that they could safely expand. Carnegie felt that he was on the crest of a golden wave. All his eggs, he decided, must now nest in one basket and he wanted his name hung, for all to see, over the basket.

On April 1, 1881, he snapped a rubber band about his principal interests and organized as Carnegie Brothers & Company, Limited. The capital was \$5,000,000. The firms included were the Edgar Thomson works, the Lucy Furnaces, Union Iron Mills, and certain trifling coke interests. There were now seven partners, only three of them important. When the organization was completed Andrew Carnegie was found to hold a clear and comfortable majority. He had attained his heart's ambition.

The individual holdings in Carnegie Brothers & Company, with every item figured to the last copper, were:

| | |
|-------------------------------|----------------|
| Andrew Carnegie | \$2,737,977.95 |
| Thomas M. Carnegie | 878,096.58 |
| Henry Phipps | 878,096.58 |
| David A. Stewart | 175,318.78 |
| John Scott | 175,318.78 |
| Gardiner McCandless | 105,191.00 |
| John W. Vandevort | 50,000.00 |

Avaricious Andy had done a little better than succeed in his "sentimental desire" to own half the stock.

With a clear sky in Pittsburgh (in a distinctly figurative sense!), Carnegie, as was his wont, turned his thoughts toward another holiday. He had never forgot-

THE GOLDEN FLOOD

ten his boyhood pledge to drive his mother into Dunfermline in a coach-and-four. Now he decided to carry out that promise, literally. One evening at the Windsor Hotel he interrupted his mother's daily game of cribbage with great news. The old lady was speechless when he told her that he had arranged by cable a coaching trip through England and Scotland; and had invited a party of their friends to sail June 1, 1881 on the *Bothnia* of the Cunard Line.

Andy was enraptured at the coaching idea. He knew it would give him an opportunity to be seen as well as to see. Now he could actually drive a band wagon. Almost yearly thereafter he was to repeat the experiment, rolling through the countryside with a blare of trumpet and publicity. Places on his coach were to become "seats of the mighty". The tours were to spread his fame, build up what the French would term his *considération*, and prove fine for business.

On the first coaching trip, the Carnegies and eleven friends left the Grand Hotel, in Brighton, on June 17 and arrived at Inverness, capital of the northern Highlands, seven weeks later.

While Bill Jones, Tom Carnegie and the others were sweating in Pittsburgh, the merry travelers dallied in the flowery dells and dewy meads of the loveliest countryside in Europe, larking and lunching, plucking the cowslip yellow and the primrose pale. Andy's quips and quirks kept the party in a constant uproar of gaiety. One night, at an inn, two of the young ladies fashioned a lay figure from a bolster and pillows and put it in their host's bed. Hearing them giggling in the hallway, Carnegie crept upon a chair and poured a pitcher of water

I N C R E D I B L E C A R N E G I E

through the transom. The giggles became screams of laughter for the water landed in Carnegie's boots. It had quite slipped his mind that he had left them outside to be cleaned. However, on such a gambol as this, Andy could enjoy even a joke on himself.

At Windsor, on June 19, the Queen Dowager, as Carnegie christened his mother, celebrated her seventy-first birthday. Her big, black eyes sparkled when she was presented with a loving cup. The lively old lady paddled in a nearby brook, kilted her petticoats and danced a highland reel!

The coach passed over the border into Scotland on July 16. Andy was moved to write in his notebook an apostrophe to his native land. His salutation is strikingly self-revealing: "It is God's mercy I was born a Scotchman, for I do not see how I could ever have been contented to be anything else. The little plucky dour deevil, set in her own ways and getting them too, level-headed and shrewd, with an eye to the main chance always and yet so lovingly weak, so fond, so led away by song or story, so easily touched to fine issues, so leal, so true! Ah! you suit me, Scotia, and proud am I that I am your son."

Carnegie had arranged the gala event of the trip for Dunfermline. In recognition of a gift of public baths, the city had already conferred upon him the first of what was to become his unprecedented collection of fifty-four Freedoms of Cities. Now he had promised a free library and the good folk of Dunfermline were quite ready to whoop it up.

While school children and their elders lined the way and the Abbey bell tolled, Margaret Morrison Carnegie

THE GOLDEN FLOOD

rode grandly in her coach into the town of her birth. The fact that Andy had hired the coach and was pledged to return it in good condition did not detract from the drama.

Sitting beside her rotund and beaming son on the front seat of the lofty coach, with its liveried attendants, the little old woman in her gown of black silk made a proud if incongruous figure. However, she kept her composure very nicely as she laid the memorial stone of the first Carnegie free library and listened gravely to a flow of oratory such as only the Scotch can provide upon an occasion like this.

The coaching party disbanded in New York in August. Andy and his mother lunched alone. He was mournful over the departure of his friends and the prospect of returning to work. "Never mind, Andra, you still have one left that sticks to you," said Margaret Carnegie. Andy recited a rhyme:

The good book tells of one
Who sticks closer than a brother;
But who will dare to say there's one
Sticks closer than a mother!

Carnegie extracted a second book from the trip, "*An American Four-in-Hand in Britain*. It contains reams of quotations from the English poets and reflections indicating increasing desire to seem unconventional in thought. For instance: "The best king or family of kings in the world is not worth one drop of an honest man's blood." And: "If any man wants *bona fide* substantial power and influence in this world, he must handle the pen—that's flat. Truly, it is a nobler weapon

I N C R E D I B L E C A R N E G I E

than the sword, and a much nobler one than the tongue, both of which have nearly had their day."

Carnegie placed the book where it would do the most good, sending hundreds of copies to friends, reviewers and persons of prominence. By now, he had attained a measure of personal fame. Millionaires were still rather a rarity in the early '80's. And a millionaire who apparently played harder than he worked and who, in addition, wrote books, was bound to catch the eye of editors. Accounts of the coaching trip and of the Scot's adventures on his jaunt around the world livened the Sunday papers. Carnegie knew the newspaper notices increased his importance and he never denied himself to a reporter.

Nor did he overlook any opportunity to enlarge his acquaintance among the fashionables and the intelligenzia of New York. He bobbed up at salon gatherings, the theater, receptions, concerts. Mornings or late afternoons he rode or drove in the park. He purchased a saddle horse and learned to hold a firm seat. He joined the Nineteenth Century Club, founded by Mr. and Mrs. Courtlandt Palmer. This club was a famous forum of public discussion. It soon outgrew the Palmer drawing room on Gramercy Park and moved its monthly meetings to the old American Art Galleries at Twenty-third Street and Broadway. "It is a curious amalgam of fashion and intellect," commented a British guest of the period. "Writers of repute from other cities and members of the club read papers or make speeches on all conceivable topics, while the members and their friends, to the number of about five hundred, sit around on camp-chairs in all the glory of swallow-tails and *décolleté* dresses.

THE GOLDEN FLOOD

Here intellectual gems vie in brilliancy with diamond bracelets, and shapely necks and heaving bosoms divide your attention with glowing thoughts and well-turned phrases. It is a heavenly combination! The club has no constitution. Its motto, 'Prove all things; hold fast that which is good,' indicates the width of its hearth. Round it in friendly converse gather Catholic priests, Unitarian and Baptist ministers, Free-thinkers, Agnostics, Positivists, Socialists, Cremationists, and thinkers of every possible type, but always of good calibre. It is indeed a microcosm of the world."

Courtlandt Palmer was a bold, free spirit. Submitting to an operation in July, 1888, which he had been warned would probably prove fatal and which did, he bade his family and friends farewell, hummed a tune from "Tannhauser", provided for the cremation of his remains, and said to those at the bed side: "I want you one and all to tell the whole world that you have seen a free-thinker die without the least fear of what the hereafter may be."

At the Nineteenth Century Club Carnegie met Col. Robert G. Ingersoll. The brilliant, warm-hearted agnostic held open house at his home on Murray Hill on Sunday afternoons. Notables from everywhere came to meet the genial "Col. Bob" and exchange ideas, philosophy and witty nothings with him. John W. Mackay, pioneer Western millionaire and father of Clarence Mackay; John D. Crimmins, leading Catholic layman; Maurice Barrymore, the great actor, with his cutting wit; Marshall P. Wilder, droll writer and lecturer; beautiful Julia Marlowe and Viola Allen were among the regulars at the Ingersolls. Carnegie revelled in the atmosphere.

I N C R E D I B L E C A R N E G I E

He was popular too, with most of the group. For, at these gatherings, he revealed the more pleasant attributes of a personality that was at least dual.

One Sunday, Carnegie drove Col. Bob's beautiful daughter, Eva Ingersoll, and Matthew Arnold to the Plymouth Church in Brooklyn to hear Henry Ward Beecher. After the sermon he proudly presented his companions to the great preacher, explaining that Miss Ingersoll had never been in a Christian church before. "Well, well," remarked Beecher, taking both her hands, "you are the most beautiful heathen I ever saw. How is your father? I hope he is well. Many a time he and I have stood together on the platform and wasn't it lucky for me we were on the same side!"

The graceful Beecher told Arnold that he had read everything he had written. "Ah, then," said the great English essayist, "I fear you found some reference to yourself which would better have been omitted." "Oh, no," replied Beecher, laughing, "those did me the most good of all."

Arnold and Carnegie got along splendidly. Carnegie and his mother escorted the famous critic to the hall on the evening of his first lecture in America. When the talk was over, Arnold invited the Queen Dowager's opinion. "Too ministerial, Mr. Arnold, too ministerial," was the little old woman's unabashed verdict. Carnegie suggested that Josh Billings (Henry W. Shaw) could give Arnold some pointers and he brought the two oddly-assorted gentlemen together at dinner. Who but Audacious Andy could have conceived such a meeting!

Strange to relate, the dinner was a success. Josh told how he kept up the interest of his audiences. For in-

THE GOLDEN FLOOD

stance, he would say: "There are two things on earth for which a man is never prepared. What are they?" Cries would come from the audience: "Death. Taxes. Marriage. Happiness. Wealth." "Nope, you're all wrong." Josh would conclude, solemnly. "The two things on earth for which no man is ever prepared are—twins."

Josh told Arnold it required weeks sometimes for him to work out a word that would bring down the house and he quoted from one of his lectures: "This is a highly critical age. People won't believe until they fully understand. Now there's Jonah and the whale. They want to know all about it and it's my opinion that neither Jonah nor the whale fully understood it. And then they ask what Jonah was doing in the whale's—the whale's *society*."

Carnegie loved to do things dramatically.

Early in 1882, a cold, contained young man of thirty-two and his bride came to the Windsor Hotel for mid-day dinner. Although the Carnegies had never before met their guests, Andy was unusually warm and cordial. At the conclusion of the meal he raised his glass and, while the younger man regarded him curiously, cried: "A toast to a new partner! Mr. Frick is coming in with us!"

Margaret Carnegie sat silent for a moment. Then she remarked bluntly: "Surely, Andra, that will be a fine thing for Mr. Frick, but what will be the gain to us?"

Not even her prophetic son could possibly divine the tremendous gain in the Carnegie fortunes that was to come through the accession of Henry Clay Frick,

CHAPTER TEN

FRICK, KING OF COKE

ONE MORNING IN 1871 A CARD WAS BROUGHT TO Judge Thomas Mellon, founder of the prosperous private banking house of T. Mellon & Sons, on Smithfield Street, Pittsburgh. Upon it was a name—Henry Clay Frick, H. C. Frick & Company, Broadford, Pa.—that evoked memories.

Could this be the son of Abraham Overholt's girl, Elizabeth, who had married that farmer fellow and been put to live with him in the spring house where they used to keep cheese, butter and preserves? Let's see, wasn't the farmer's name John Frick? Sure it was, a long-nosed chap without a sou but dashing and red-headed. The red hair, no doubt, came from his Irish mother. How time did fly! Why, as an urchin just over from County Tyrone, Ireland, he remembered being taken by his father to call at the great red house of old Abraham Overholt, the Squire of Westmoreland County and pretty near the richest man in western Pennsylvania. A hearty old buck, old Overholt. Died only a year or so ago. Eighty-six. Wonder who got the distillery? My, what fine whiskey that Overholt's Youghogheny brand is! Well, well, could this be old Abraham's grandson?

"Show Mr. Frick in," directed Judge Mellon.

In a moment there stood before him a stocky, brown-

FRICK, KING OF COKE

haired, immaculately attired young man of twenty-one. He identified himself as the son of John Frick and Elizabeth Overholt. Judge Mellon made him welcome.

Young Clay Frick had come upon a matter of business. He wanted to borrow \$10,000 for six months at ten per cent to build fifty ovens for baking coke upon coal land in the Connellsville region which he and three relatives had acquired. The property was unmortgaged.

He had paid for his share with the aid of his parents. His father had pledged his farm, his mother a small equity in her father's estate. He was earning a thousand dollars a year as book-keeper in the Overholt Distillery. Previously he had clerked in stores and studied accounting in a Pittsburgh business college.

"Judge Mellon," asserted the young man, with cool assurance, "Connellsville coal makes the best coke fuel in the world for blast furnaces. Its fiber is harder than any other coal. We can sell every pound we produce."

The banker questioned his visitor as carefully as he had examined any witness during his long practice at the bar and his ten years as a Judge of the Common Pleas. Young Frick stood the test. He got the cash.

That meeting initiated an alliance between Frick and the Mellons which was to last for almost half a century, and to prove of immense mutual benefit.

Before the fifty ovens were completed Frick requested another \$10,000 loan. He wanted to keep the construction gang on the ground and build fifty more ovens. Judge Mellon sent a representative to Broadford to look a little deeper into the affairs of this young man who could use up money so speedily. The report was unfavorable. Frick was giving only part of his time to

I N C R E D I B L E C A R N E G I E

the coke venture. He retained his job in the distillery. Also, and the investigator thought this most suspicious, the young man's "half office and half living room in a clapboard shack" was strewn with prints and sketches, some of his own composition.

A man less sagacious than Judge Mellon would probably have refused the second loan. But Mellon had been impressed by Frick and decided to investigate further. He asked James B. Corey, his mining partner, to drop into Broadford and look things over. Corey reported: "Lands good, ovens well built; manager on job all day, keeps books evenings, may be a little too enthusiastic about pictures but not enough to hurt; knows his business down to the ground; advise making loan."

Frick got the second \$10,000 and a great deal more. Even during the panic of '73 Mellon backed him. When the market for coke seemed to have disappeared entirely, Frick opened a sales office in Pittsburgh on credit. For many months, he "got up at six, looked over the ovens and set things going, took the train for Pittsburgh at seven, reached his office at ten, 'legged it' from factory to factory soliciting orders till three, reached home at about six, and attended to the details of mining till bedtime."

Occasionally he was forced to his bed by an organic ailment diagnosed varyingly as "inflammatory rheumatism" or as "chronic indigestion". Recurrent attacks of this mystifying malady plagued him all his life but he kept on doggedly.

In 1876 Judge Mellon introduced him to his third son, Andrew, then twenty-two, saying: "Andrew is to be my successor. He has great aptitude for banking."



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HENRY C. FRICK

FRICK, KING OF COKE

When Frick had left, the Judge told his son: "That young man has great promise. He is very careful in making statements, always exact and wholly reliable. He is also able, energetic, industrious, resourceful, self-confident, somewhat impetuous and inclined to be daring on his own account, but so cautious in his dealings with others disposed to take chances that I doubt if he would make a successful banker. If he continues along his own line as he has begun, he will go far unless he over-reaches. That is his only danger."

Judge Mellon fostered a friendship between Andrew and Frick. This grew years later into a virtual partnership. Yet it is an interesting index to the temperament of the two men that in forty-three years of the closest association neither ever addressed the other by his given name. It was young Mellon's nightly duty to read "heavy" books to his father, whose sight was failing. Once he fled the task and went for an over-Sunday visit to Frick. To his consternation he found Frick deep in *Addison's Essays*, with Macaulay's *History of England* in reserve. Our remote and frigid Secretary of the Treasury, even today, occasionally permits himself a faint suggestion of a chuckle over the incident.

With the upturn of business in the latter '70's, Pittsburgh turned to the Connellsville region for coke. Buyers flocked to Broadford. They found a single firm, H. C. Frick & Co., in control of four-fifths of the output. This firm was directed by a taciturn young man, distant of manner, who said to the sweating mob of men that milled about his desk: "We will sell all coke, as produced, at the market. Next year we shall have almost

I N C R E D I B L E C A R N E G I E

1,000 ovens in operation. We have bought more than 2,000 acres of additional coal land."

Coke, which had fallen during the panic period to ninety cents a ton, jumped to three, four and finally five dollars. At the latter price Frick's net profit was three dollars per ton. A thousand laborers dug out his coal, hauled it to blazing brick ovens, and baked it for forty-eight hours until it turned into crisp gray lumps. At the end of 1879, almost a hundred carloads of coke were being shipped daily to the yawning Pittsburgh furnaces.

Frick's thirtieth birthday fell on December 19, 1879. He supped and played chess with a cousin, then dropped into his office for a look at the books. They told a gratifying tale. He whistled placidly as he walked around the corner to his room in the Washabaugh House. He was a millionaire.

The following spring, Frick and Andrew Mellon toured Europe, returning in October. A few months later Mellon introduced him to Adelaide Howard Childs, youngest daughter of wealthy and influential Asa P. Childs. They were married December 15, 1881. After some weeks in Washington, Baltimore and Philadelphia, they arrived in New York. Here came Frick's introductory meeting with Andrew Carnegie and the entrance of Carnegie Brothers & Co., into his coke business.

The terms of the "partnership", so dramatically announced by Andy, had been worked out between Tom Carnegie and Frick. As buyer and seller of coke, the younger Carnegie and Frick had gotten along satisfactorily for several years. Tom Carnegie's talent-seeking eyes had noted Frick's genius for management. At Tom's

FRICK, KING OF COKE

urging, Andy offered Frick \$325,000 for a minority interest in H. C. Frick & Company. The offer was accepted. Final details were worked out the day the Fricks dined with Carnegie and his mother at the Windsor Hotel. The result was the formation, May 5, 1882, of a \$2,000,000 corporation, the H. C. Frick Coke Company.

Later capital was increased to \$3,000,000 and the Carnegies became half owners; then majority stockholders through purchases from Frick's former associates. Andrew Carnegie at first opposed the increase in capital and wrote Frick a letter peremptory in tone. Frick's reply, his very first communication, indicated clearly that he was not to be classed with the "puppy dogs" who would roll over and whine at the feet of a whip-cracking master. "I am free to say, I do not like the tone of your letter," he wrote. "In the matter of the values of the properties in question and the propriety of increasing our stock I shall have to differ with you and I think the future will bear me out. Everything that has been done so far has been with the consent of your brother, and with his approval."

This must have been like a jab in the jaw to Andy. He promptly capitulated. More than likely, he was merely testing the calibre of the enigmatical young man who had joined his forces. Testing tempers and tendencies toward resistance was a favorite Carnegie artifice. However, the majority owner required no more than the coke company's daily reports to convince him of his new associate's ability.

In the first fourteen months of operation, almost 1,000,000 tons of coke were sold. The net profits ex-

I N C R E D I B L E C A R N E G I E

ceeded \$400,000. In four years the number of ovens had grown from 1,000 to 5,000. Output had leaped to 6,000 tons a day. Carnegie congratulated himself that he had chained another money-maker to his chariot.

The steel and iron mills were also booming along. Profits in 1881 were \$2,000,377.42 and in 1882, \$2,128,422.91. Next year there was a sharp industrial dip and the winnings in the game were but \$1,019,233.04.

In this year (1883) the Carnegies swooped down and gobbled up a great steel plant which had been built at Homestead—at the bend of the Monongahela, a couple of miles below Braddock's crossing—to rival the nearby Edgar Thomson works. Seven Pittsburgh firms had combined to build a perfect mill and siphon some Carnegie business. Under able management, Homestead would have been a real threat. But it was paralyzed by a series of labor troubles. There was no Bill Jones to fuse antagonistic racial elements.

Soon the managers were quarreling among themselves and clashing with the Amalgamated Association of Iron and Steel Workers. In its brief six years of existence, the Amalgamated had constantly grown more powerful. There were lockouts, strikes, riots at Homestead. On top of these, the trade fell into the doldrums. The pessimistic Homestead men saw ruin ahead.

At this psychological moment, Phipps and the Carnegies offered to buy the plant, agreeing to pay the amount it had cost, upward of \$350,000. They offered the Homestead men either cash or stock in a new company they purposed to form. Six of the seven Homestead partners took cash and walked out whistling. The seventh, W. H. Singer, thought the matter over and

FRICK, KING OF COKE

then told Andrew Carnegie that he would take stock.

"Wise man," said Andy, extending his hand. "Shake, pard."

Singer lived to see his \$50,000 stock allotment grow into many millions.

A new firm, Carnegie, Phipps & Company, was organized to run the Homestead works. Came now a typical instance of what in those days was called Carnegie luck. Business revived and prices rose. In two years the Homestead "gold brick" paid for itself. The wizard engineer, Julian Kennedy, made of Homestead a mill which became the wonder of the steel world. Kennedy seemed to anticipate the demands of modern architecture. He installed machinery to fashion beams, girders and all sorts of structural shapes a year before the Rookery in Chicago—America's first skyscraper—was built in 1887.

In 1884, the Carnegie coalition earned \$1,301,180.28; in 1885, \$1,191,993.54; and in 1886, the year Homestead got under full headway, \$2,925,350.08.

America had won the steel leadership of the world from England. Papers from Captain Bill Jones were read before the British Iron and Steel Institute. The men of Sheffield and Newcastle were amazed at his production figures. "Incredible!" exclaimed Sir Henry Bessemer. "A physical impossibility!" cried Sir Isaac Lowthian Bell. But these skeptics were soon convinced.

In his enthusiasm, Carnegie repeatedly offered Jones a partnership. "No, Andy," replied the sturdy Welshman, "I don't know anything about business. Don't want to be bothered with it. I've got trouble enough here in these works. I'll tell you what you can do: you can give me a hell of a big salary." "All right, Captain,"

I N C R E D I B L E C A R N E G I E

assented Carnegie, "you can have the salary of the President of the United States, \$25,000." "That's the stuff, Andy," chuckled Jones.

Carnegie, beaming like a cherub, brought men of prominence from everywhere to see Jones in action. Even Matthew Arnold and Herbert Spencer were lured to Pittsburgh. Andy, by now, had become a practiced celebrity-hunter. He scraped acquaintance with Spencer on a trans-Atlantic steamer. Afterward they became firm friends. At Tom Carnegie's house one day, Andy's nephew, eleven, peeped into the room "to see the man who wrote in a book that there is no use studying grammar."

Carnegie had himself photographed with his famous visitors and the press of the world carried sketches and news accounts. This helped the band wagon roll right merrily. Soon, the average European was to identify the great American steel industry with but one name—Carnegie.

One day, while Andy was showing a party through the plant, an inspector supervising material for a Federal bridge, came up to him. "Mr. Carnegie," he said, "they tell me at the office they cannot guarantee more than 20,000 modulus of elasticity for the bridge. I must have at least 25,000." "That sounds reasonable," said Carnegie, without batting an eye. The inspector began to launch forth upon the technical problem involved. Carnegie interrupted. "Yes, yes," he said, impatiently. "I know all about that. I'll see that you get your full 25,000," and he walked quickly away. Out of ear-shot, he called George Lauder to him. "Dod," he asked, "what on earth is a modulus of elasticity?" Lauder laughed. "Why,

FRICK, KING OF COKE

that's elemental," he explained. "That's the way we measure the tensile strength of steel."

The former associate who tells this story adds: "However, Carnegie knew the modulus of human elasticity by instinct. No one ever had to tell him how to ascertain the tensile strength of a man, the point to which he would stretch while preserving a uniform diameter. To Andrew Carnegie the molecular construction of human character, its resistance to pressure and its final fracture point were known in the mysterious way in which fledglings find their nest. Behind the luck that gave him his first capital was an innate power to seize upon the weaknesses and utilize the strength of the men with whom he was thrown. The moral specific gravity of every man was known to him instinctively; and he built up a mighty organization with the human atoms his instinct selected. This is the secret of his success."

Financially, 1886 was Carnegie's most glorious year. It was also his saddest. For in the fall, his brother and his mother died within a few weeks of each other. Tom Carnegie was stricken with pneumonia. He was but forty-three. Unremitting toil and lack of proper care of himself had sapped his vitality. His place was never quite to be filled. Without him, it is no exaggeration to assert, there would have been no Carnegie steel company. Margaret Carnegie had been growing noticeably feebler for a year or two. But there was no diminution of her spirit or her sense of humor. Once she fought for half an hour to stifle laughter when two of Andy's superintendents from Pittsburgh, invited to New York for a "formal" conference with the Little Boss, ap-

I N C R E D I B L E C A R N E G I E

peared at the Windsor Hotel at nine-thirty in the morning in full evening attire. They had rented dress suits.

Her beloved Tom's death was too much of a shock for the old lady. The dauntless little woman, who had lived a dozen lives, was taken from her cottage at Cresson over the snow and laid beside her youngest son in Pittsburgh.

Andrew Carnegie was unable to attend either funeral. Shortly before his brother's death he was stricken with typhoid fever. For weeks he lay desperately ill at Cresson. His spirit seemed broken. For the first time in his life he was alone. Winter set in with unusual severity. The frame cottage was unheated save for fireplaces and stoves. It was months before the patient could be moved to the home of his physician, Dr. Fred S. Dennis, in New York. Carnegie's clothes hung loose upon him when he was finally able to be wheeled for the journey into the private car of Robert Pitcairn, his fellow messenger boy of the old care-free days in the telegraph office.

Once in a new atmosphere, his strength returned rapidly. His was too buoyant a nature to brood long. Now that his mother's death had released him from his pledge not to marry during her lifetime, he looked about for a mate. He was in his fifty-second year. A streak of gray was showing in his beard. But his movements were lithe, his eyes sparkled with zest for life.

For some years he had known Miss Louise Whitfield. She was twenty-eight, of old Connecticut stock, a young woman remarkable not only for her beauty but for unfeigned sweetness of nature and wholesome charm. Carnegie often rode with her in the park and escorted

FRICK, KING OF COKE

her to theaters and concerts. She was a pleasing pianist. She lived with her widowed mother, Mrs. John W. Whitfield, at 35 West Forty-eighth Street.

In the presence of a small group of friends, Louise Whitfield became Mrs. Andrew Carnegie April 22, 1887. Just before the ceremony, Carnegie transferred to her sufficient securities to insure her an income of \$20,000 a year. His wedding present was the mansion at 5 West Fifty-first Street, formerly owned by Collis P. Huntington.

For thirty-two years Louise Carnegie was a vital influence in her husband's life, more vital than the world knew. While appearing to submerge herself completely in her husband, this gentlewoman subtly succeeded in softening some, at least, of his turbulent, litigious, ramping characteristics. Something of her own forbearing, mellow nature was gradually transmuted into him. The change became particularly noticeable after the birth, March 30, 1897, of their only child, Margaret, named for Carnegie's mother.

The Carnegies spent their honeymoon on the Isle of Wight and in England and Scotland. They leased an estate, Kilgraston, in Scotland and Carnegie crowded it with guests. All the surviving Morrisons and Carnegies came to meet the bride; all approved. In a letter to his friend, Henry Adams, John Hay described the spirit of the honeymoon home:

"After that we went to Andy Carnegie in Perthshire, who is keeping his honeymoon, having just married a pretty girl. . . The house is thronged with visitors—sixteen when we came away—we merely stayed three days: the others were there for a fortnight. Among

them were your friends Blaine and Hale of Maine. Carnegie likes it so well he is going to do it every summer and is looking at all the great estates in the County with a view of renting or purchasing. We went with him one day to Dupplin Castle, where I saw the most beautiful trees I ever beheld in my wandering life. The old Earl of——is miserably poor—not able to buy a bottle of seltzer—with an estate worth millions in the hands of his creditors, and sure to be sold one of these days to some enterprising Yankee or British Buttonmaker. I wish you or Carnegie would buy it. I would visit you frequently.”

Kilgraston was a place of gaiety. Carnegie carried his guests away on short coaching trips and wallowed in the wondering curiosity and timid plaudits of the peasantry. He hired a piper and had his party played in to dinner. He danced and sang on the lawn.

An enraptured guest was James G. Blaine. Carnegie and Blaine had struck up a great friendship, beginning when Blaine was Speaker of the House of Representatives and Carnegie journeyed frequently to Washington to lay the finger of his suave high tariff policy upon senators, ways and means committees, even presidents. Carnegie contributed to the treasure chest of the Republican party through Blaine. This was as bread cast upon the waters of politics which presently returned in the favorable guise of tariff legislation. He and Blaine warmed to each other like brothers. Both loved a good story and a good time.

Carnegie had invested heavily in Blaine's battle for the presidency against Cleveland in 1884. This was a vicious, whispering campaign in which the private lives

FRICK, KING OF COKE

of both men were assailed. Blaine lost New York and the presidency, because of the Rev. Dr. Burchard's "Rum, Romanism and Rebellion" phrase in a speech of welcome at the Fifth Avenue Hotel; and because he accepted a banquet at the hands of Cyrus Field, Jay Gould, Andrew Carnegie and other rich men at Delmonico's. The brilliant journalist, Joseph Pulitzer, who was supporting Cleveland in his newly-acquired *New York World*, leaped to attack the dinner as "the Royal Feast of Belshazzar Blaine and the Money Kings." One may imagine the glee with which Pulitzer ordered editorials, pen and ink drawings by Walt McDougall and Gribayedoff, and such headlines as "Blaine Hobnobs With Mammon" and "Millionaires and Monopolists Seal Their Alliance."

The one man Blaine desired to meet, on his visit to Europe in 1887, was Gladstone. Carnegie already knew the "first citizen of the world". Gladstone had been interested in Carnegie's third book, an economic survey of fifty years progress of the American republic, which appeared in 1886. John Denison Champlin, of Scribner's, had given him his title: *Triumphant Democracy*. James Howard Bridge had done the research work. The book trumpeted America's forthcoming industrial supremacy, lauded labor to the skies and boasted of the superiority of our political system over those of Europe.

Accordingly, on the evening of the Queen's Jubilee, June 20, 1887, Blaine and Carnegie found themselves at Lord Wolverton's in Piccadilly, dining with Mr. and Mrs. Gladstone and a brilliant company. Gladstone was then approaching eighty but his mind was keen and alert. He cross-examined Blaine upon the procedure

I N C R E D I B L E C A R N E G I E

in the House of Representatives. The dinner guests separated late. Carnegie and Blaine set out to walk slowly through the dense jubilee throngs back to the Metropole Hotel.

"We were moving slowly with the current past the Reform Club," Carnegie later recounted, "when I heard a word or two spoken by a voice close to the building on my right. I said to Mr. Blaine: 'That is Mr. Gladstone's voice.' He said: 'It is impossible. We have just left him returning to his residence.'

"I don't care; I recognize voices better than faces, and I am sure that is Gladstone's'. Finally I prevailed upon him to return a few steps. We got close to the side of the house and moved back. I came to a muffled figure and whispered: 'What does "Gravity" out of its bed at midnight?' Mr. Gladstone was discovered. I told him I recognized his voice whispering to his companion. 'And so,' I said, 'the real ruler comes out to see the illuminations prepared for the nominal ruler!'

"He replied: 'Young man, I think it is time you were in bed'. We remained a few minutes with him, he being careful not to remove from his head and face the cloak that covered them. It was then past midnight but, boy-like, after he got Mrs. Gladstone safely home, he had determined to see the show."

However, all was not song and joy and bliss on the honeymoon. Early in June Carnegie received an urgent and lengthy cable in code from Henry Phipps and John Walker, Phipps' brother-in-law. Walker was being groomed for the difficult task of filling Tom Carnegie's place. He and Phipps represented the majority interest

FRICK, KING OF COKE

on the board of the Frick Coke Company. They cabled that a strike had crippled the coke region. The men demanded a raise in wages of twelve and one-half per cent. Frick and other operators were holding firm. Meanwhile, the Carnegie blast furnaces were banked for lack of fuel and complete shutdown loomed at Homestead and Edgar Thomson.

Carnegie peremptorily ordered the Frick Coke Company to give in to the men. Frick promptly resigned as president and manager. In a letter addressed to Phipps and Walker but plainly intended for Carnegie, he wrote:

"The loss to the Coke Company may be far more than made up, so far as you are concerned, by gains in your steel interests, but I object to so manifest a prostitution of the Coke Company's interests in order to promote your steel interests. Whilst a majority of the stock entitles you to control, I deny that it confers the right to manage so as to benefit your interests in other concerns at the loss and injury of the Coke Company in which I am interested."

Carnegie temporized. This was a type of man new to him, a man who hit straight from the shoulder. His determination not to lose Frick was stiffened by the fact that the other coke operators went on to win their fight and only his concern was burdened with the higher wage scale. With matters still in abeyance, Frick, his wife, their two small children and Mrs. Frick's mother and sister, sailed for Europe. Frick found this note at his London hotel:

Welcome to Britain's Isle,

August 2, 1887.

Of course you will all come and spend a week with us.

I N C R E D I B L E C A R N E G I E

It's superb—Come and see what one gets in Scotland these summer days.

Just off this morning, ten in all, for three days coaching tour. Blaine the happiest man you ever saw. Let me hear your movements. Can take you all in any time.

Yours always,

Andrew Carnegie.

P. S.—Kind regards to Mrs. Frick and sister in which Louise heartily joins.

A. C.

The men finally met in the fall and Carnegie persuaded Frick to withdraw his resignation. In January, 1888, Frick again assumed the reins of the coke company.

Frick took a fresh grip and Carnegie encouraged him at every turn. Almost daily Carnegie scribbled a message, often mere jottings on the back of an envelope, to Frick. For instance:

Frick hearty congratulations splendid must get options other properties promptly or too late, don't be afraid, want all.

And:

You can't justly estimate what a tremendously big man you are. Perhaps some day you will realize that you are a much bigger man than Prest of P. R. R. Take supreme care of that head of yours. It is wanted again. Expressing my thankfulness that I have found THE MAN, I am always yours,

A. C.

"F is a marvel let's get all Fs."

Within two years, Frick had wrested the control, for

FRICK, KING OF COKE

Carnegie, of two-thirds of the entire Connellsville coke region. Indeed, Connellsville coke was gradually becoming known as "Frick" coke. Frick, given a free hand, met labor with an iron fist. Not for him those pretty texts with which Carnegie garnished his occasional magazine essays and public addresses. When his men struck again in the winter of 1889-90, Frick brought in Hungarians and Slavs and refused all compromise with his old employees. The events of this strike gave him an unenviable reputation as a crusher of labor:

For three months [writes Bridge] the whole region was given over to rioting, arson and murder. Armed mobs attacked the mines and coking plants, killing and maiming the workers, destroying the machinery, and defying the county officials who sought to bring order out of the industrial chaos. Gangs of men marched through the night terrorizing the peaceful members of the community; and when deputy sheriffs attempted to arrest them, the strikers assumed military formations and shot their pursuers at sight. One such body marched across a large extent of the country, occasionally brought to bay, when battle was given and taken with all the tactics of irregular warfare. In this guerilla-like march and pursuit eight of the strikers were killed and many more were seriously wounded. As the Carnegies had a fair supply of coke on hand at the outbreak of hostilities, and as the prices of steel and rails were low, the war was fought to the bitter end. Eventually the rioters were caught or driven out of the region, and others willing to accept the wages they refused received adequate protection.

I N C R E D I B L E C A R N E G I E

Meanwhile, things were not going well with the steel companies. From a "high" of \$3,441,887.29 in 1887, profits shrunk in 1888 to \$1,941,555.44. The next year came the sudden and unexpected death of Capt. Bill Jones. It was an irreparable loss. Jones was killed on the firing lines. In the summer of 1889, the contents of one of his furnaces at Braddock jammed. Jones, at the head of a gang of men, sought to break the "bridge".

Suddenly, it gave way. The molten ore crashed through the outer wall of the furnace. Some of it fell upon Jones. He leaped backward into a pit and struck his head upon the iron edge of a car. His skull was fractured. For twenty-four hours he lingered in the hospital, unconscious. His vitality, astonishing as it was, could not pull him through.

His funeral was an occasion of public mourning. Flags were at half mast in Pittsburgh and the Edgar Thomson works were closed. Thousands of his friends and all his workmen, many sobbing aloud, followed Jones to the grave. To this day there are old time steel men who say proudly: "I worked with Bill Jones."

Carnegie turned from the loss of Jones to the immediate problem of molding into a harmonious whole his sadly-disjointed industrial organization. He had loaned Frick money in January, 1889, to purchase a two per cent interest in Carnegie Brothers & Co., and made him chairman of the firm. Now it seemed to him that Frick was the man to consolidate his segregated units.

Frick accepted the larger responsibility as calmly, as confidently as he accepted everything else in life.

CHAPTER ELEVEN

FRICK IN HIGH COMMAND

IN ALL INDUSTRIAL HISTORY, IT IS DOUBTFUL IF ANY alliance between two men was more effective and more profitable than that of Andrew Carnegie and Henry Clay Frick.

Nature, it almost seemed, must have intended these surprising individuals to play complementary roles. Frick was a patient, plodding, though by no means unimaginative, organizer; Carnegie a brilliant, erratic schemer. The combination was irresistible.

Though total opposites in temperament and characteristics, Carnegie and Frick met at certain points. Both were resourceful, ruthless, ravenous—twins in their money mania and lust for power. Both recognized that great commercial structures are not builded upon the beatitudes. High upon their banners might have floated the motto: "Success At Any Price!" Both were motivated by unqualified selfishness. Frick, though, was a cynic and made no pretense of book morality save when necessary to effect the purpose of the moment. Carnegie, on the other hand, gave lip service to the Golden Rule. Deep within him, Frick was contemptuous of the other.

Frick found the covey of Carnegie companies reft by rivalries, torn by carefully fostered factionalism. He left them a dozen years later a great, smooth-function-

I N C R E D I B L E C A R N E G I E

ing, coordinated Empire of Industry. A detailed account of Frick's achievements would tax a volume three times as thick as this. James Howard Bridge thus ably summarizes them:

Frick assembled these disorganized units into a solid, compact, harmonious whole, whose every part worked with the ease and silent motion of the perfectly balanced machine. This mammoth body owned its own mines, dug its ore with machines of amazing power, loaded it into its own steamers, landed it at its own ports, transported it on its own railroads, distributed it among its many blast-furnaces, and smelted it with coke similarly brought from its own coal mines and ovens, and with limestone brought from its own quarries. From the moment these crude stuffs were dug out of the earth until they flowed in a stream of liquid steel into the ladles, there was never a price, profit or royalty paid to an outsider. Without any cessation of motion and with hardly any loss of heat, this product passed with automatic precision into the multitudinous machines which pressed it into billets, rails, armor-plate, bridge structures, beams and the endless variety of shapes required in modern architecture. Finally these highly finished materials were often conveyed to consumers over the same transportation systems as before; and the profit of every movement, as of every process and change of form, passed without deduction into the exchequer of what was now the Carnegie Steel Company, Limited—a single organization with one mind, one purpose, one interest. The annual earning power of this great institution increased under Mr. Frick's direction from \$1,941,555 to \$40,000,000 in a dozen years;

FRICK IN HIGH COMMAND

while its annual product of steel increased during the same period from 322,111 tons to 3,000,000. The change thus baldly and inadequately expressed in terms of dollars and tons makes the most impressive record, for such a short period, of any manufacturing organization in this or any other country.

Frick was but thirty-nine when he became chairman of Carnegie Brothers & Company. Any doubts in Carnegie's mind that he had found the man for whom he had been searching since his brother's death were soon dispelled. The net profit the first year under Frick was \$3,540,000, almost double the return for 1888. In a buoyant note of September 3, 1889 to "My dear Mr. Frick", Carnegie conveyed his delight:

Let me express the relief I feel in knowing that the important departments of our extended business are in the hands of a competent manager. Phipps and I exchanged congratulations upon this point. Now I only want to know how your hands can be strengthened.

Frick's most flashing early achievement was the acquisition of the Duquesne Steel Company. The absorption of Duquesne was the story of Homestead over again. Built by a group of Pittsburgh iron manufacturers, Duquesne was the last word in modern steel plants. As in the case of Homestead, it loomed as a very real threat to the Carnegie rail monopoly.

In March, 1889, Duquesne began rolling rails by a new and economical direct process, the steel passing

I N C R E D I B L E C A R N E G I E

through the furnace but once. Andrew Carnegie, watching the new enterprise with anxious and jealous eyes, determined upon a bit of sabotage. At his insistence, Duquesne was refused admittance to the current rail pool. He mailed a circular to the purchasing agents of all railroads warning them that Duquesne rails were bound to prove "defective through lack of homogeneity". The direct rolling process, it is interesting to note, was soon adopted in all large plants, including those of Carnegie.

Early in 1889 Frick offered \$600,000 for the Duquesne plant. It was refused. Next year Frick increased the offer to \$1,000,000 in bonds of Carnegie Brothers & Company. Meanwhile, the plant had been hampered by strikes and hard hit by Carnegie methods of strangulation. William G. Park, the principal Duquesne owner, went wearily with Frick to Carnegie's house in New York to close the deal. As the three gentlemen were walking down the stairs of 5 West Fifty-first Street from the library to the luncheon room, Frick whispered to Carnegie that he thought the price could be beaten down below a million dollars.

"Never mind," Andy whispered back. "We get the turkey. Let Park have the feathers."

Carnegie did indeed get the turkey.

Frick had an organization fully primed to run the plant. He had selected Thomas Morrison, a young Scotchman, as superintendent. Morrison, a distant cousin of Carnegie, had worked up from a machinist's job at Homestead. Frick liked Morrison because, as he said, he was "not much of a talker". The Carnegie men took over Duquesne late in 1890. In an incredibly short time

FRICK IN HIGH COMMAND

rail connections were completed with Braddock and Homestead, the other Carnegie plants on the Monongahela.

The result sounds like a fairy tale of finance. Duquesne actually paid for itself the first year of operation. When the bonds fell due, it had earned \$6,000,000. Blast furnaces were built and in a decade Duquesne was turning out annually 750,000 tons of pig iron and 600,000 tons of raw steel under the new open-hearth process. This basic process, now in universal use, gently boils great quantities of ore in huge pots. Gone are the gorgeous and picturesque pyrotechnics that marked the marriage of the metals in the Bessemer converters.

With a strong hand at the helm in Pittsburgh, Carnegie could indulge to a greater extent his desire to become a figure in the world of literature and public affairs. He had managed to meet and attain a measure of intimacy with almost everyone of note in his generation. He gave lavish dinners. He was in the forefront of various civic and social movements. He found time, withal, to read voluminously, to appear occasionally upon the platform and to write essays for the more sober magazines. These were filled with benevolent aphorisms and posturings glorifying the toiler. They were designed by the Little Boss, one suspects, to keep happy and content the thousands of men who were toiling twelve hours a day in his service.

It was Carnegie's habit to circulate freely among his men these little homilies upon the relations of capital and labor. One of them, as we shall see, was to have a

I N C R E D I B L E C A R N E G I E

terrible repercussion. It appeared in the *Forum* and contained this passage:

While public sentiment has rightly and unmistakably condemned violence even in the form for which there is the most excuse, I would have the public give due consideration to the terrible temptation to which the workingman on a strike is sometimes subjected. To expect that one dependent upon his daily wage for the necessities of life will stand by peaceably and see a new man employed in his stead is to expect much. This poor man may have a wife and children dependent upon his labor. Whether medicine for a sick child, or even nourishing food for a delicate wife, is procurable, depends upon his steady employment. In all but a very few departments of labor it is unnecessary and I think improper to subject men to such an ordeal. In the case of railways and a few other employments it is, of course, essential for the public wants that no interruption occur, and in such case substitutes must be employed; but the employer of labor will find it much more to his interest, wherever possible, to allow his works to remain idle and await the result of a dispute than to employ a class of men that can be induced to take the place of other men who have stopped work. Neither the best men as men, nor the best men as workers, are thus to be obtained. There is an unwritten law among the best workmen: "Thou shalt not take thy neighbor's job."

Carnegie would scribble off such stuff by the pad-fall and declaim it, with vibrant voice, to his wife or anyone who happened to be with him, on trains or boats,

at dinners, in New York or Scotland, anywhere. Applause fed his growing vanity. Disagreement evoked argument and sometimes disruption of friendship.

On his summer trips to Scotland nothing but a castle would do for him now. In 1888 he rented Cluny Castle in the Highlands. A piper had become a necessary adjunct to his household both in New York and abroad.

"The piper awakened us by walking around the castle playing his bagpipe," recalls Charles R. Flint, octogenarian "Father of the Trusts." "This early morning music reminded me of the Scotchman who, dying in a hospital in India, said that if he could hear the bagpipes he would feel better. The bagpipes were played and he recovered—but all the other patients died. None of Carnegie's guests waited for a second summons. On Sunday, after breakfast and the sweets of social intercourse, Carnegie put his guests on top of a coach and four and sent them to the Kirk, but stayed at home himself. When we returned after a sermon of nearly two hours, he told us a story which he vouched for as the genuine Scotch brand: a father starts with his little boy to the kirk. They walk five miles in silence. Then the long sermon and they start for home. Not a word is spoken until the boy looks up and says: 'Father, it's a fine day.' Whereupon the father looks down sternly at the boy and replies: 'Ma son, 'tis na day to talk o' the day'."

Carnegie gave his guests a good time—if they did things his way.

Matthew Arnold's nature revolted against shooting but he fished "because the accessories are so delightful". He told of a certain duke, of a rather unsavory reputation, who gave him several days' fishing each year. Car-

INCREDIBLE CARNEGIE

negie was horrified at the idea of Arnold's consorting with such a man. "Ah, my friend," remarked the great man of letters, "a duke is always a personage with us, always a personage, independent of brains or conduct. We are all snobs. Hundreds of years have made us so, all snobs. We can't help it. It is in the blood."

Andy was always free with advice. His cocksureness amused some, annoyed others. "Throw off your hereditary rank and make yourself the real leader of the people," he told the brilliant, fastidious young Lord Rosebery. "Play the part of a Cromwell. Democracy worships a precedent-breaker or a precedent-maker." Roseberry's response was so cold that Carnegie dropped the subject. John Morley was a guest at Cluny. When Carnegie told "Honest John" of the incident, the latter said solemnly: "My friend, Cromwell doesn't reside at Number 38 Berkeley Square." This was Roseberry's London house.

Carnegie's most notable guest at Cluny in 1888, as during the preceding summer at Kilgraston, was James G. Blaine. The two went fly-fishing on Loch Laggan. Cluny knew no night in June and long after midnight Andy and his guests were often to be seen on the smooth lawn, doing Scotch reels and shouting like Highlanders.

In Chicago, at the Republican national convention, the band was playing "My Heart's In the Highlands, My Heart Is Not Here" and the "Blaine or Bust" men were seeking to force the Plumed Knight's second nomination for the presidency. Blaine cabled that he would not accept without the consent of Senator John Sherman, of Ohio. Next day he came to Carnegie with a

FRICK IN HIGH COMMAND

cablegram from Senator Stephen B. Elkins, of West Virginia. It read: "Use cipher."

Carnegie explained that he and Elkins had arranged a simple code for use in an emergency. Blaine was "Victor". Benjamin Harrison was "Trump" and so on. "All right," directed Blaine. "Wire Elkins to swing my strength to Harrison." Carnegie's cable of June 25, 1888, read: "Too late. Victor immovable. Take Trump." Thus, easily, was political history made.

Andy, as became a practical man with tariff interests to protect, contributed heavily to the Harrison coffers and was influential in the appointment of the Honorable Matthew Stanley Quay as campaign manager. "Don't talk much," Quay told Harrison. "I don't like spouting candidates." Quay had succeeded the Cameron dynasty, Simon, father, and Don, son, in control of politics in Pennsylvania. Fond of the classics, he is chiefly remembered for a phrase in a letter recommending one of the faithful for a job in the State Treasurer's office: "He understands addition, division and silence." Quay, a graduate of Jefferson College, could descend without effort from the quiet elevation of fine literature to punishing a district boss or levying tribute upon a corporation. His fellow director of the G. O. P. machine was the Honorable Thomas Collier Platt, of New York. Platt was a great reader of the Bible.

Carnegie found both gentlemen charming companions, on occasion. He was very fond, also, of his agent in Cleveland, Mark Hanna. Even then Hanna was grooming for higher honors a stout, rather platitudinous congressman from Ohio named William McKinley. Congressman McKinley's brother, Abner, was long a resi-

I N C R E D I B L E C A R N E G I E

dent of the Windsor Hotel, as also was Richard Croker. Carnegie and the Boss of Tammany Hall, however, had made no overtures.

Benjamin Harrison became the twenty-third President of the United States and Blaine was made Secretary of State. Carnegie became a trusted adviser of the administration. He was in a position to guide gently the government's paternal hand as it was laid kindly upon his business. At the same time, for public consumption, he deprecated the growing love of money and the individual's reckless pursuit of it. Deftly, he was seeking (and successfully) to create an impression that he was of different stripe from such monopolistic Ogres of Capitalism as John D. Rockefeller. Andy enjoyed Henry D. Lloyd's book *Wealth Against Commonwealth*, an impassioned arraignment of the trusts; and applauded Senator John Sherman's ominous words in introducing the Sherman Anti-Trust Act in March, 1890: "They had monopolies and mortmains of old, but never before such giants as in our day. You must heed their appeal [the people of the United States] or be ready for the Socialist, the Communist and the Nihilist. Society is now disturbed by forces never felt before . . . Congress alone can deal with the trusts, and if we are unwilling or unable there will soon be a trust for every production and a master to fix the price for every necessity of life."

In 1891, Carnegie persuaded President Harrison to accompany him to Pittsburgh and formally open a Carnegie Library and Hall which he had presented to Allegheny City. Harrison was the first President who ever visited Pittsburgh. Viewing its columns of smoke and fire at night, the President remarked that "Hell with the

FRICK IN HIGH COMMAND

lid off" was an appropriate description of the city. Next day he inspected the steel works. The visit, of course, was reported in a thousand newspapers. It was Andy's greatest publicity stunt.

The second year of Frick's management showed net profits of \$5,350,000. The time had come for further extension. At Carnegie's earnest urging, Frick had increased his holdings from two to eleven per cent. He was now on a parity with Phipps. In addition, nineteen "debtor partners" had been admitted. These were mostly young men raised from the ranks. Carnegie had firm grip upon them for their interests, to be paid from bonuses and profits, could be abrogated at the majority owner's whim.

The Carnegie Steel Company, Limited, capitalized at \$25,000,000, was formed early in 1892 to begin business July 1. No new capital was contributed. None was needed. Carnegie merely declared a four hundred per cent stock dividend upon the original \$5,000,000 shares of Carnegie Brothers & Company. The stockholders of the new corporation were:

| | |
|--------------------------------|-----------------|
| Andrew Carnegie | \$13,833,333.33 |
| Henry Phipps, Jr. | 2,750,000.00 |
| Henry Clay Frick | 2,750,000.00 |
| George Lauder | 1,000,000.00 |
| William H. Singer | 500,000.00 |
| Henry M. Curry | 500,000.00 |
| Henry W. Borntraeger | 500,000.00 |
| John G. A. Leishman | 500,000.00 |
| William L. Abbott | 250,000.00 |

I N C R E D I B L E C A R N E G I E

| | |
|---------------------------------|------------|
| Otis H. Childs | 250,000.00 |
| John W. Vandevort. | 200,000.00 |
| Charles L. Strobel | 166,666.67 |
| Francis T. F. Lovejoy | 166,666.67 |
| Patrick R. Dillon | 125,000.00 |
| William W. Blackburn | 83,333.33 |
| William P. Palmer | 83,333.33 |
| Lawrence C. Phipps | 83,333.33 |
| Alexander R. Peacock | 83,333.33 |
| J. Ogden Hoffman | 83,333.33 |
| John C. Fleming | 83,333.33 |
| James H. Simpson. | 62,500.00 |
| Henry B. Bope | 27,777.78 |
| F. T. J. Lovejoy, Trustee..... | 918,055.57 |

TOTAL.\$25,000,000.00

The only partners credited with paid up subscriptions were Carnegie, Phipps and Frick. Phipps gladly resigned to Frick the financial burdens which had been his for twenty years. The cobbler's son had purchased a place in England and yearned for the peaceful life of the country gentleman. Eventually he was to buy a stately castle and become bitten with the social virus.

There were interesting figures among the "debtor partners":

Leishman, an orphan, got a job at ten as office boy in an iron works. In his teens he became a "mud clerk", attending, from a shanty office on the river bank, to the unloading of barges. He started with Carnegie as a salesman and had great success obtaining orders for Bill Jones's steel rails. Eventually he deserted steel for the

FRICK IN HIGH COMMAND

diplomatic corps and became United States Minister to Switzerland and later to Turkey.

Abbott was a discovery of Phipps. He had been a clerk in the Union Iron Mills and worked up to the chairmanship of Carnegie, Phipps & Company. He organized a force of salaried salesmen, among whom were Fleming and Hoffman, whose names appear in the above list. Abbott retired at forty and missed his chance of becoming a multi-millionaire. Friendship, books and travel had a greater appeal for him than money.

Otis Childs was Frick's brother-in-law and assistant. Lovejoy began with the Carnegies as an auditor. Before that he had knocked about as driver of a laundry wagon, oil driller, telegrapher, reporter, stenographer and book-keeper. He was thirty-seven when admitted to partnership. Blackburn had been a clerk in a village store, Bope a typist.

Alexander Rollin Peacock, a young Scotchman, came into the Carnegie service from behind a dry-goods counter. He developed into Abbott's star salesman. Impressed by his record, Carnegie summoned him to New York one day and asked: "Peacock, what would you give to be made a millionaire?" The young man's answer tickled Andy immensely. "Two per cent discount for cash, sir," he said.

Carnegie selected the following officers for the new \$25,000,000 Carnegie Steel Company; Chairman, Henry Clay Frick; Treasurer, Henry M. Curry; Secretary, Francis T. F. Lovejoy; Managers, Frick, George Lauder, William H. Singer, Curry, John G. A. Leishman, Lawrence C. Phipps, Lovejoy.

Frick was forty-one. He was now in supreme com-

I N C R E D I B L E C A R N E G I E

mand of 30,000 men—employees of the greatest steel company and the largest coke company in the world. “Concentrate upon the business and make it the greatest ever seen,” directed Carnegie.

Frick’s first concern was the Homestead plant, where the wage scale and conditions of labor had been determined in 1889 by agreement with the Amalgamated Association of Iron and Steel Workers. This agreement expired July 1, 1892. Early in the spring, Carnegie sent Frick a notice to be posted at Homestead. It read:

ANDREW CARNEGIE,
5 West 51st St.

New York, April 4, 1892.

NOTICE

To Employees at Homestead Works.

These works having been consolidated with the Edgar Thomson and Duquesne, and other mills, there has been forced upon this Firm the question Whether its Works are to be run ‘Union’ or ‘Non-Union’. As the vast majority of our employees are non-union, the Firm has decided that the minority must give place to the majority. These works, therefore, will be necessarily Non-Union after the expiration of the present agreement.

This does not imply that the men will make lower wages. On the contrary, most of the men at Edgar Thompson and Duquesne Works, both Non-Union, have made and are making higher wages than those at Homestead, which has hitherto been Union.

The facilities and modes of working at Homestead Works differ so much from those of steel mills

FRICK IN HIGH COMMAND

generally in Pittsburgh that a scale suitable for these is inapplicable to Homestead.

A scale will be arranged which will compare favorably with that at the other works named; that is to say, the Firm intends that the men of Homestead shall make as much as the men at either Duquesne or Edgar Thomson. Owing to the great changes and improvements made in the Converting Works, Beam Mills, Open Hearth Furnaces etc., and the intended running of hot metal in the latter, the products of the works will be greatly increased, so that at the rates per ton paid at Braddock and Duquesne, the monthly earnings of the men may be greater than hitherto. While the number of men required will, of course, be reduced, the extensions at Duquesne and Edgar Thomson as well as at Homestead will, it is hoped, enable the Firm to give profitable employment to such of its desirable employees as may temporarily be displaced. The Firm will in all cases give the preferences to such satisfactory employees.

This action is not taken in any spirit of hostility to labor organizations, but every man will see that the Firm cannot run Union and Non-Union. It must be either one or the other.

Carnegie added, confidentially, that John A. Potter, the young superintendent at Homestead, should be instructed to "*roll a large lot of plates ahead, which can be finished, should the works be stopped for a time.*"

Frick quietly pigeon-holed the notice and began negotiations with the men. Carnegie, meanwhile, sailed for Europe. Frick proposed a reduction in the minimum wage scale; a change in the date of the new scale; and a

I N C R E D I B L E C A R N E G I E

reduction in tonnage rates where machinery had largely increased the output of individual workers. On May 30 Frick directed Superintendent Potter to inform the workmen's committee that "these scales are in all respects the most liberal that can be offered," adding: "We do not care whether a man belongs to a union or not, nor do we wish to interfere. He may belong to as many unions or organizations as he chooses, but we think our employees at Homestead Steel Works would fare much better working under the system in vogue at Edgar Thomson and Duquesne."

Back of Frick's words and of Carnegie's non-union notice was a desire to end the power of the Amalgamated Association which had a foothold only at Homestead. The Amalgamated had imposed rules and restrictions which increased costs. Frick set June 24 as the zero hour for acceptance or rejection of the company's proposals. Carnegie kept in constant touch by cable. His messages to Frick ordered the latter to stand firm and clearly indicated an uncompromising attitude toward the union. For example:

Carnegie to Frick, June 10: "You have taken your stand and have nothing more to say. . . The chances are you will have to prepare for a struggle, in which case the notice should go up promptly on the morning of the 25th. Of course you will win, and win easier than you suppose, owing to the present condition of markets."

June 17: "Perhaps if Homestead men understand that *non-acceptance means Non-Union forever*, they will accept."

June 28: "Cables do not seem favorable to a settlement at Homestead. If these be correct, this is your

FRICK IN HIGH COMMAND

chance to reorganize the whole affair, and some one over Potter should exact good reasons for *employing every man*. Far too many men required by Amalgamated rules."

The men rejected the company's terms on June 23. Most of them believed that the company was bluffing. They knew that Frick had broken the unions in the coke regions. But they doubted that Carnegie would enter into a conflict with his beloved workmen. Had not the Little Boss written that an honest workingman was far nobler than an heir to a title? Had whe not laid down a maxim: "Take Not Thy Neighbor's Job"?

Of Homestead's 3,800 men, but 1,100 were native born. Eight hundred could not speak English. None, however, was so mean of intelligence that he did not grin joyously and understandingly when his Irish lodge leader told him the Little Boss would show Frick where he got off.

They still believed that Frick was bluffing when he announced that he would close the works on July 1 and reopen them July 6 with what labor he could obtain.

The men burned Frick and Superintendent Potter in effigy and turned the hose on the clerk who was sent to cut down the figures. On July 1 not a wheel turned at Homestead.

The men promptly organized for war. The eight Amalgamated lodges at Homestead appointed an advisory committee of forty with Hugh O'Donnell, a skilled worker, as chairman. The committee determined to "repel invasion from whatever source." O'Donnell issued this manifesto:

The committee has, after mature deliberation, de-

I N C R E D I B L E C A R N E G I E

cided to organize their forces on a truly military basis. The force of four thousand men has been divided into three divisions or watches; each of these divisions is to devote eight hours of the twenty-four to the task of watching the plant. The Commanders of these divisions are to have as assistants eight captains composed of one trusted man from each of the eight local lodges. These Captains will report to the Division Commanders, who in turn will receive the orders from the Advisory Committee. During their hours of duty these Captains will have personal charge of the most important posts, i. e. the river front, the water gates and pumps, the railway stations, and the main gates of the plant. The girdle of pickets will file reports to the main headquarters every half hour, and so complete and detailed is the plan of campaign that in ten minutes' time the Committee can communicate with the men at any given point within a radius of five miles. In addition to all this, there will be held in reserve a force of 800 Slavs and Hungarians. The brigade of foreigners will be under the command of two Hungarians and two interpreters.

Meanwhile Frick, the day after the final breakdown of negotiations, had written the following letter:

The Carnegie Steel Company, Limited,
Pittsburgh, Pa., June 25, 1892.

Dear Sir: I am in receipt of your favor of the 22nd.

We will want 300 guards for service at our Homestead mills as a measure of precaution against interference with our plan to start operation of the works on July 6th, 1892.

FRICK IN HIGH COMMAND

The only trouble we anticipate is that an attempt will be made to prevent such of our men with whom we will by that time have made satisfactory arrangements from going to work, and possibly some demonstration of violence upon the part of those whose places have been filled, or most likely by an element which usually is attracted to such scenes for the purpose of stirring up trouble.

We are not desirous that the men you send shall be armed unless the occasion properly calls for such a measure later on for the protection of our employees or property. We shall wish these guards to be placed upon our property and there to remain unless called into other service by the civil authorities to meet an emergency that is not likely to arise.

These guards should be assembled at Ashtabula, Ohio, not later than the morning of July 5th, when they may be taken by train to McKee's Rocks, or some other point upon the Ohio River below Pittsburgh, where they can be transferred to boats and landed within the inclosures of our premises at Homestead. We think absolute secrecy essential in the movement of these men so that no demonstration can be made while they are en route.

Specific arrangements for movement of trains and connection with boats will be made as soon as we hear from you as to the certainty of having the men at Ashtabula at the time indicated.

As soon as your men are upon the premises we will notify the Sheriff and ask that they be deputized either at once or immediately upon an out-

I N C R E D I B L E C A R N E G I E

break of such a character as to render such a step desirable.

Yours very truly,

H. C. FRICK,

Chairman.

Robert A. Pinkerton, Esq.,

New York City, N. Y.

Thus the stage was set for a bitter and bloody struggle that was to horrify the civilized world and make the name of Andrew Carnegie a by-word for years.

CHAPTER TWELVE

BLOODY HOMESTEAD

AN HOUR AFTER MIDNIGHT ON THE MORNING OF Wednesday, July 6, 1892.

The tug-boat *Little Bill*, towing two barges, passed under the Smithfield Street Bridge, Pittsburgh, and straightened out for a hard ten-mile pull up the Monongahela River to the Homestead Works of the Carnegie Steel Company, Limited. Enclosed upon top and sides, the barges seemed to be deserted. In reality they carried three hundred special operatives of the Pinkerton National Detective Agency, recruited for service as watchmen, together with an ample supply of bedding, provisions and ammunition.

The expedition was Henry Clay Frick's declaration of war to the hilt upon the Amalgamated Association of Iron and Steel Workers of the United States.

Since July 1, the six million dollar plant at Homestead had been in the possession of its workmen. Organized upon a military basis, the men had drawn a ring about the works. They had refused admittance to the officers or representatives of the company; had stripped off the insignia and drummed out of town deputy sheriffs sent to guard the property; and had taken over the executive functions of the borough government of Homestead with its ten thousand inhabitants.

I N C R E D I B L E C A R N E G I E

This was no ordinary strike or lockout, though such formal action had been taken by both sides. It was revolution, sheer, stark, elemental.

During the ominous five days from July 1 to the 6th, the men had made repeated and fruitless efforts to communicate with Andrew Carnegie. Supposedly, the controlling owner was "traveling on the Continent". As a matter of fact he had gone, by pre-arrangement, to a lonely lodge on Loch Rannoch, Perthshire, Scotland, a retreat thirty-five miles from a railroad and telegraph. Here there was little danger of embarrassment through receipt of demands that he veto Frick's decision to start the works on July 6 with non-union labor.

Frick's drastic action had united hitherto wavering workmen solidly behind the Amalgamated leaders. The men did not know, of course, that Frick's desk was choked with Carnegian fulminations against the union; nor that the benevolent little phrase-maker had mapped a complete union-smashing campaign before he sailed for Europe. It was enough for them that the Little Boss had fraternized freely with them on his occasional tours of the works, told funny stories and had either compromised or joked them out of previous attempts to lighten the burden of their blistering, back-breaking labor.

This, then, was the setting on the fateful morning of the 6th when the *Little Bill* slowly pulled her load of dreaded Pinkertons up the Monongahela.

The company had planned to land the watchmen under cover of darkness. Greatest secrecy had been preserved. However, an alert scout darted from the shadows of the Smithfield Street Bridge and an hour later

B L O O D Y H O M E S T E A D

Hugh O'Donnell, chairman of the strikers' Advisory Committee, received a telegram of warning.

The barges passed Lock No. 1, three miles below Homestead, in the first faint glimmer of approaching dawn. The water was still shrouded in darkness. The great Carrie Furnaces, across the river, glowed dimly through the murk.

Suddenly there came shriek after shriek from a siren at Homestead.

At the same time small boats popped up from nowhere. Their occupants hurled stones and bricks and fired desultory and ineffective revolver shots at the barges.

Along the main streets of Homestead men ran toward the river. Some were armed with rifles and shot-guns. Others plucked staves from garden fences. Cat-calling and yelling, the crowd kept pace with the barges. The pursuers crashed through the fence surrounding the plant and were a thousand strong when the *Little Bill* arrived at the dock near the pumping station.

The first barge put out a landing stage and Captain Heinde of the Pinkertons prepared to lead his men ashore. A young workman, his face distorted with emotion, threw himself flat upon the gang-plank, shouting: "You will cross over my dead body!"

From the crowd a revolver cracked. The Pinkerton leader fell with a shattered hip. At once his men opened fire, wounding one and killing two strikers.

That unleashed hell. The workmen went wild. Retreating behind barricades of steel beams and piles of pig iron, they began guerrilla warfare. It lasted all day.

Soon the place was an inferno. Urged on by their

I N C R E D I B L E C A R N E G I E

women and children, the blood-thirsty men, now numbering thousands, were bent upon exterminating the "scabs". They ignited oil and sought to float it toward the barges. They opened fire with a cannon from across the river. They exploded a main of natural gas and tried to direct it so as to envelop the barges. The slightest movement at a port-hole or hatchway brought a hail of shots.

In mid-morning, the *Little Bill* cast off its tow line and took half a dozen wounded Pinkerton men up the river. Upon its return the tug-boat was enfiladed by rifle fire and forced to steam away. This left the beleaguered Pinkertons in a truly desperate position. They raised a white flag. It was riddled with bullets. Worse was to come. Myron R. Stowell, an eye-witness, gives us this vivid description:

Another shot and another cheer told that somebody had been hit. The Pinkertons were too badly scared to make any effort to shoot, and were crowded like sheep into the barge [*The Monongahela*] which lay farthest from shore. Fresh ammunition and arms had arrived from Pittsburgh for the strikers and the men bent harder to their tasks. They worked nearer the river that their fire might be more deadly. The workers could be seen dragging their bodies like snakes along the ground to where they could get a better shot. The cannon would again roar, but the shot would land in the water above the boat. Once a piece of one of the doors fell with the shot. Several of the imported officers were revealed, and a score of shots were fired in quick succession. Some one must have fallen, for

B L O O D Y H O M E S T E A D

cheer on cheer of triumph went up from thousands of throats. At every shot of the cannon thereafter a volley of shots was heard from the sharpshooters, who had seen someone on the boat. They only shot when they saw something, and every crack of a rifle meant an attempt on a human life.

At one o'clock there was a wild commotion at the new station. A tall, brawny workman waved two sticks of dynamite high above his head. By his side was a basket full of the deadly explosive. The excited gathering, that a moment before had been wild, was silent and listened. His voice was loud and distinct. He said:

"Men of Homestead and Fellow Strikers: Our friends have been murdered—our brothers have been shot down before our eyes by hired thugs! The blood of honest workmen has been spilled. Yonder in those boats are hundreds of men, who have murdered our friends and would ravish our homes! Men of Homestead, we must kill them! Not one must escape alive!"

"Aye, aye, aye!" shouted a half thousand voices. Then the Herculean workman continued:

"The cannon has failed to sink the boats—the oil has failed to burn them. Who will follow me? These bombs will do the work!"

As he spoke, he flourished the dynamite. A score of men raised their clubs and, regardless of the fact that they were within the range of the Pinkerton rifles, followed him. They ran in their haste to take human life. They were not savages but men of families who, perhaps a few hours before, had held infants on their knees or kissed their wives farewell. They were good strong men, wrought up by the

sight of blood and ready to take the lives of those who threatened them and theirs.

With their pen knives they scooped up holes for the dynamite cartridges and fuse. The latter was very short—it would burn quickly. The crowds could see them light the matches and hold the messengers of death until they burned closely. Then, with strong right arms drawn until every muscle showed like a whipcord, they let fly and the explosions were cheered by the excited men and women. The distance was long and the bombs had to be thrown from behind some shelter and many of the missiles fell short of the mark, but when one landed upon the roof cheer upon cheer went up. One man had crawled down on the structural iron and then, by making a throw of nearly a hundred feet, struck the boat. The front end heaved and a few boards flew. He lighted another fuse and another stick of dynamite. It described a semi-circle in the air, leaving a trail of smoke behind. It was going to land squarely on top of the Monongahela, but instead of striking the roof it splashed into a bucket of water. It sizzled for a moment and then went out without exploding. It had hardly died, however, when another from the pump-house fell on the roof. It lay there smoking a moment while the strikers prayed it might wreck the craft. There was an explosion and a hole was torn in the roof. It was not then known whether it killed anybody inside, but when the boards flew up a gondola hat went flying into the air. Another bomb was thrown into the bow of the boat. The clearing smoke showed a door was gone. Human forms were seen within, which was a sign for the sharpshooters to do some execution. At 1:35

B L O O D Y H O M E S T E A D

o'clock several men went out on the bow of the boat to pick up their dead and wounded companions. There were a half-dozen shots and two more men fell. Then came more curses for the firm and additional cheers of victory.

Another stick of dynamite fell five minutes later, and in three minutes more another tore off a part of the planks. Then the men drew closer and their work became more deadly.

Then it was decided to throw oil again and burn the boat. The hose carriage belonging to the city and half a dozen barrels of lubricating oil were brought to the water tanks, together with a fire engine, but there was great difficulty in getting it to work. In the meantime a new supply of dynamite had arrived. The boxes were knocked open and the men drew out the explosive as unconcernedly as they would have handled their dinners. Then they made another rush for the barges and there was more sharp firing.

About this time a coal steamer's whistle was heard and the sharpshooters stampeded to the rear for an instant, thinking another corps of deputies had arrived. The alarm was false and they soon resumed operations. Then they got the oil to flowing but, as in the morning, it circled around the boats and refused to burn.

The fight still continued and more attempts were made to burn the boats and the three hundred Pinkertons within. It was four o'clock when the giant form of President William Weihe, of the Amalgamated Association, appeared. Hundreds followed him into one of the mills. He tried to address the men but they refused to listen to him. President-

I N C R E D I B L E C A R N E G I E

elect Garland was there also, but the cries of "burn the boats", "kill the Pinkertons", "no quarter for the murderers," drowned his voice.

Toward sun-down, the panic-stricken Pinkertons raised a second white flag. This time Chairman O'Donnell walked down the embankment. The trembling watchmen begged protection from mob violence and safe conduct out of town. O'Donnell consented. He appointed a guard of picked men who disarmed the Pinkertons and started to march them in twos to the Homestead rink. Miraculous as it seems, only one man on the barges was dead and eleven wounded.

The mob rushed into the barges and looted them. Bedding, food, fire-arms, personal effects, everything movable was taken away. Then the barges were fired. While the flames shot high, the prisoners were marched through the yard and along the public road. It was a horrible mile for them. They were battered and clubbed and gouged and kicked. Two were killed, a third became insane and later committed suicide. Thirty others were taken, from the train which bore them to Pittsburgh, to hospitals with broken limbs, fractured noses, torn ears and all manner of bruises and abrasions.

The day's casualties, about evenly distributed, were ten killed and more than sixty wounded.

For several additional frightful days, the borough of Homestead was a place of terror. The rule of the strikers was absolute. All strangers were excluded. A censorship was established in the telegraph office. Newspaper men poured in from all parts of the country. Those whose despatches did not please the Advisory Commit-

B L O O D Y H O M E S T E A D

tee were bounced out of town. An emissary of Governor Robert E. Pattison, sent to observe conditions, was arrested three times. The Pennsylvania executive promptly called out the entire division of the national guard.

Major-General Snowden and eight thousand guardsmen arrived July 12. Once more the call of the bugle and the boom of the sunset gun reverberated upon historic Braddock's Field.

The Carnegie Company again had possession of its property. The more violent phase of the uprising was over. But months of bitter warfare was ahead. The Amalgamated Association had won many recruits at the other Carnegie plants and, upon Frick's crisp refusal to confer with the Homestead leaders, ordered sympathetic strikes.

While the country seethed with excitement over the Homestead tragedy, Frick calmly prepared for a long, bitter struggle. Frick seemed indeed a man of steel. With one sentence he met the storm of criticism which was beginning to gather force about him: "We propose to manage our own business as we think proper and right."

The world's interest was rapidly centering in Homestead. Here and there a voice was raised: "Where does Carnegie stand?" The cry soon became crescendo. What was the position of the man who had formulated a sort of eleventh commandment in industrial relationships: "Thou Shalt Not Take Thy Neighbor's Job;" the man who had written: "Workmen resent the employment of new men. Who can blame them?" Though the public did not know it, Carnegie had cabled Frick the day after the Homestead battle:

I N C R E D I B L E C A R N E G I E

Cable received. All anxiety gone since you stand firm. Never employ one these rioters. Let grass grow over works. Must not fail now. You will win easily next trial only stand firm law and order wish I could support you in any form.

Some days later a correspondent of the *New York World* traced Carnegie to Rannoch Lodge:

Asked if he had anything to say concerning the troubles at his mills, Mr. Carnegie replied:

"I have nothing whatever to say. I have given up all active control of the business and I do not care to interfere in any way with the present management's conduct of this affair."

"But do you not still exercise a supervision of the affairs of the company?"

"I have nothing whatever to say on that point, the business management is in the hands of those who are fully competent to deal with every question that may arise."

"Have you heard from Homestead since the riot occurred?"

"I have received several cables and among them several asking my interference with the parties in control."

"But you must have some opinion in the matter that you are willing to express."

"No, sir. I am not willing to express any opinion. The men have chosen their course and I am powerless to change it. The handling of the case on the part of the company has my full approval and sanction. Further than this I have no disposition to say anything."

B L O O D Y H O M E S T E A D

This oblique utterance veered public opinion toward the men. Frick received it with a nod of satisfaction. He told newspaper men that more than two hundred men were at work at Homestead and that the sympathetic strikes at the other mills were a matter of little concern. He refused to discuss reports that his life had been threatened. The correspondent of the *New York Times* noted:

There have been published numerous statements to the effect that Mr. Frick is constantly guarded by detectives. There is no sign of a guard in his office. He can be seen at his desk from the public hall of the building, and anybody can reach the hall by going up in the elevator.

On the afternoon of Saturday, July 23, a week to the day after the appearance of this report, an alert, intelligent young man of twenty-five, trembling with nervousness, paced the sidewalk within sight of Frick's office on the second floor of the *Chronicle-Telegraph* Building in Pittsburgh. In his pocket was a revolver. He intended to kill Frick.

The young man's name was Alexander Berkman. He was an anarchist, an associate of Emma Goldman. Son of a well-to-do druggist of Vilna, Russia, his ultra-radical views had cut short a promising college career and caused his expulsion from his native land. In America, he affiliated with the Penkert group of nihilists. Under the alias of Simon Bachman, chief of a non-existent employment agency, he had offered to obtain strike-

I N C R E D I B L E C A R N E G I E

breakers for non-existent employment for this Saturday.

Berkman watched Frick as he returned from luncheon. He would have found the Carnegie official alone if he had entered at once. But Berkman's nerves were playing him tricks. His jumpiness held him back until two o'clock when Vice Chairman John G. A. Leishman had begun a conference with Frick. Finally, steeling himself for his task, Berkman rushed up the single flight of stairs to Frick's office, brushed past the boy at the outer gate, and entered the room. Frick was rising from his chair when Berkman, without a word, began firing.

The first bullet tore through the lobe of Frick's left ear, passed through the neck near the base of the skull and down between the shoulders. A second shot caught the staggering Frick in the right side of the neck. A third bullet found no mark, for Leishman struck up Berkman's arm. Frick struggled to his feet. He and Leishman wrestled Berkman to the floor.

The assailant managed to draw a dagger he had fashioned from a file. Stabbing again and again, he inflicted cruel wounds upon Frick's hip, right side and left leg.

Attracted by the uproar, clerks rushed in. They found Frick feebly striking at Berkman. The anarchist was overpowered. The office filled with excited men. One drew a revolver and sought to get a clear shot at Berkman.

"Don't shoot," called Frick, who had managed to crawl back to his desk. "Leave him to the law. But raise his head and let me see his face."

Berkman seemed to be chewing something. Frick noticed it and pointed. Berkman's mouth was pried open.

B L O O D Y H O M E S T E A D

Between his teeth was a capsule containing fulminate of mercury. Through lips puffed and bloody from blows, Berkman muttered that he had hoped "to blow all in the room to hell." This was too much for Leishman, who fainted.

Berkman was borne off to jail and surgeons summoned. Frick was the coolest person in the room. Though terribly weakened from loss of blood, he did not lose consciousness. He refused an anaesthetic and directed the probing for the bullets. Both were extracted. Propped upon pillows at his desk, Frick insisted upon completing the day's work. Before entering the ambulance that was to carry him to his mansion in Homewood he dictated a public statement:

This incident will not change the attitude of the Carnegie Steel Company toward the Amalgamated Association. I do not think I shall die but whether I do or not the Company will pursue the same policy and it will win.

At home, he halted the stretcher bearing him past his wife's bedroom and called "Don't worry, Ada, I'm all right. I may come in later to say good-night. How is the baby?"

His third child, Henry Clay Frick Jr., had been born the day of the Homestead battle. The baby died August 3.

Two mornings after the death of the infant, Frick left his home, against the advice of his physicians, and rode into Pittsburgh in an open trolley car. At eight o'clock, precisely, he seated himself at his desk and rang

I N C R E D I B L E C A R N E G I E

for the mail. Even his bitterest critics paid tribute to his courage.

"Those who hate him most," wrote the staff correspondent of the *New York World*, "admire the nerve and stamina of this man of steel whom nothing seems to be able to move. He looked a little thinner and paler than before he was shot but the change was not so marked as had been expected. There is a mark on his left ear where a bullet passed through it and behind the ear is a hole stuffed with cotton in which the bullet buried itself. He was particularly interested in the hole in the ceiling made by the bullet when Mr. Leishman knocked up Berkman's arm and which, but for that act, would have ended his own career. But he was not worried when he was attacked nor while lying in his home during those terribly hot days when his recovery was anything but certain, and today, when he returned to work after thirteen days, he seemed just the same as ever. There was no bodyguard. Mr. Frick does not like bodyguards. When he saw the detective who had been watching the Company's offices ever since the shooting he frowned and the detective was sent downstairs, where he remained as long as the Chairman was in the building."

Berkman received a penitentiary sentence of twenty-one years. He was paroled in 1905. On December 21, 1919, he and Emma Goldman were deported as undesirable aliens. By a strange coincidence, Henry Clay Frick died that same month—on December 2. "Well, anyhow," observed Berkman, who never reopened his act, "Frick left the country before I did."

B L O O D Y H O M E S T E A D

Though there were sporadic and sensational outbursts of violence, Frick's implacable policy of attrition was gradually conquering the strike at Homestead and the less serious revolts at other Carnegie plants. Meanwhile, an avalanche of criticism fell upon Andrew Carnegie. In Europe, as well as America, Carnegie was fiercely denounced for the inconsistencies of his verbal professions as compared with his practical performances. Barrels of ink, millions of words from pulpit and platform, poured contempt and hatred upon him. Fiery Ben Butler suggested that Carnegie be extradited for murder. General Grosvenor, of Ohio, called him "the arch-sneak of this age". He was burned in effigy in several cities. Clubs and organizations of varying religious, social and political complexion passed resolutions of condemnation. The *London Times* asserted:

Mr. Carnegie's position is singular. The avowed champion of trades-unions now finds himself in almost ruinous conflict with the representatives of his own views. He has probably by this time seen cause to modify his praise of unionism and the sweet reasonableness of its leaders. Or, are we to assume that this doctrine is true in Glasgow but not in the United States, or that it ceases to be applicable the moment Mr. Carnegie's interests are touched?

The *London Financial Observer* was even more caustic:

Here we have this Scotch-Yankee plutocrat meandering through Scotland in a four-in-hand, opening public libraries and receiving the freedom

I N C R E D I B L E C A R N E G I E

of cities, while the wretched workmen who sweat themselves in order to supply him with the ways and means for his self-glorification are starving in Pittsburgh.

Most vitriolic of all press comments was an editorial in the *St. Louis Post-Dispatch*:

Count no man happy until he is dead. Three months ago Andrew Carnegie was a man to be envied. Today he is an object of mingled pity and contempt. In the estimation of nine-tenths of the thinking people on both sides of the ocean he has not only given the lie to all his antecedents, but confessed himself a moral coward. . .

A single word from him might have saved the bloodshed—but the word was never spoken. Nor has he, from that bloody day until this, said anything except that he “had implicit confidence in the managers of the mills.” The correspondent who finally obtained this valuable information, expresses the opinion that “Mr. Carnegie has no intention of returning to America at present.” He might have added that America can well spare Mr. Carnegie. Ten thousand “Carnegie Public Libraries” would not compensate the country for the direct and indirect evils resulting from the Homestead lockout. Say what you will of Frick he is a brave man. Say what you will of Carnegie he is a coward. And gods and men hate cowards.

The House of Representatives appointed a special committee of investigation which eventually broke up in hopeless confusion. One witness was T. V. Powderly,

B L O O D Y H O M E S T E A D

chief of the Knights of Labor. Asked if his organization countenanced the prevention of non-union men taking the place of striking or locked-out workmen, he replied: "We agree with Andrew Carnegie that 'thou shalt not take thy neighbor's job'."

A Sunday service at Homestead was thus described in a Pittsburgh paper:

With for a church the biggest mill in America, boarded by a high fence and a protectorate of one hundred and fifty armed watchmen, with one thousand soldiers in easy reach, the non-union men in the Homestead plant gave thanks to God this morning. About four hundred of the new men had gathered in the beam-mill and found seats on rough, improvised benches. An orchestra from Pittsburgh played "Nearer, My God, to Thee" and Chaplain Adams of the Sixteenth Regiment, standing where the sunlight glistened on his epaulets preached a sermon that touched many hearts on a famed biblical character, Saul of Tarsus.

At the same time a bard in far off Winona, Minnesota, touched the chord that was causing chief worryment to the powers that were in America:

The mills of the gods grind slowly,
And they grind exceeding fine;
And in the ides of November
You'll find us all in line.
Our bullets made of paper,
We'll plunk them in so hot
That the G. O. P. will wonder
If they ever were in the plot.

I N C R E D I B L E C A R N E G I E

For we are the people and
We'll occupy the land
In spite of the Carnegies'
Or Pinkerton's brigands.

Linked as it was with a tide of indignation against corporate control of government, a tide that had been steadily rising for years, Homestead inevitably became the focal issue in the presidential contest of 1892 between Benjamin Harrison and Grover Cleveland. Republican leaders recognized the peril to their party. They thought that Carnegie, always an eager recipient of political favor, should, in common gratitude, force Frick to settle the strike. The G. O. P. looked upon Andy as a tried and true friend. His contributions in 1888 had been heavy and spontaneous. He had wired the victorious Harrison: "The people know a good thing when they see it." Andy also knew a good thing. The Fifty-first Congress had given him all the protection he asked for and increased his profits fifty per cent.

Harrison and Whitelaw Reid, his running mate, considered that now was the time for a little reciprocity. Reid appealed directly to Carnegie. Reid himself, after fifteen years of stubborn opposition, had bent his bourbon knee to Typographical Union Number 6 (Big Six) and permitted the mechanical departments of his newspaper, the *New York Tribune*, to be unionized.

Frick first learned of Reid's intervention through these cables from Carnegie:

Rannoch, July 28th, 1892.

We have telegram from Tribune Reid through

B L O O D Y H O M E S T E A D

high official London Amalgamated Association reference Homestead Steel Works. The proposition is worthy of consideration. Replied "nothing can be done. Send H. C. Frick document." You must decide without delay. Amalgamated Association evidently distressed.

Rannoch, July 29, 1892.

After due consideration we have concluded Tribune too old. Probably the proposition is not worthy of consideration. Useful showing distress of Amalgamated Association. Use your own discretion about terms and starting. George Lauder, Henry Phipps, Jr., Andrew Carnegie solid. H. C. Frick forever!

John E. Milholland, acting for Harrison, Reid and the Republican National Committee, came to Pittsburgh on July 30. Frick lay in bed, bandaged. He said he would not consent to negotiate with the Amalgamated Association even if President Harrison, his entire cabinet and Andrew Carnegie himself demanded it. "I am going to fight if it takes all summer and all winter and all next summer and all next winter," exclaimed Frick. "Yes, even if it takes my life. I will never recognize the union, never, never!"

Thus balked, the Republican leaders still hoped that Carnegie would contribute handsomely to the campaign fund. In New York some weeks later, Secretary of War Stephen B. Elkins told Frick that Carnegie had promised Postmaster General John Wanamaker that he would give \$50,000. Frick wrote out a check for \$25,000. Returning to Pittsburgh, Frick found a letter from Carne-

I N C R E D I B L E C A R N E G I E

gie suggesting that not more than \$10,000 be contributed.

Andy was not in the habit of backing a losing horse.

The Democrats made effective use of Homestead in the campaign. Carnegie and Frick were pilloried in cartoon and editorial. Billboards gleamed with caricatures of stout, swollen Carnegie leading the Charge of the Mercenaries upon the public treasury; or with his arms thrown protectingly about his money bags and Harrison. "They Are Good Enough for Each Other. Are They Good Enough For YOU?"

"Cleveland! Landslide!" Carnegie wrote Frick after the election. "Well we have nothing to fear and perhaps it is best. People will now think Protected Manfrs. will be attended to and quit agitating. Cleveland is a pretty good fellow. Off for Venice tomorrow."

While hundreds of gaunt men walked the streets of Homestead and others fled to far places to avoid indictments for treason and rioting, irrepressible Andy sought diversion in Venice, Milan and Florence. In Florence, he received a cablegram from Frick:

Nov. 21—Strike officially declared off yesterday. Our victory is now complete and most gratifying. Do not think we will ever have any serious labor trouble again, and should now soon have Homestead and all the works formerly managed by Carnegie, Phipps & Company in as good shape as Edgar Thomson and Duquesne. Let the Amalgamated still exist and hold sway at other people's mills. That is no concern of ours.

B L O O D Y H O M E S T E A D

The five months struggle had cost the company \$2,000,000, the workmen \$1,200,000 and the State \$1,600,000. Despite the terrific inroads of the strike Frick informed Carnegie that net profits for 1892 would fall only \$300,000 under the \$4,300,000 earned the previous year. Carnegie cabled: "Life worth living again! First happy morning since July—surprising how pretty Italia—congratulate all around—improve works—go ahead—clear track—tariff not in it—shake."

From Rome, he wrote:

I am well and able to take an interest in the wonders we see. Shall see you all early after the New Year. Think I'm about ten years older than when with you last. Europe has rung with Homestead, Homestead, until we are all sick of the name, but it is all over now— So once again Happy New Year to all. I wish someone would write me about your good self. I cannot believe you can be well.

Ever your Pard, A. C.

Carnegie returned to a country contemptuous of him but endowed with a short memory. All was quiet along the Monongahela. "I have come," he said in a carefully written statement, "not to rake up but to bury the past, of which I knew nothing. I am not an officer of the company but only a shareholder. Four years ago I retired from active business. I am selling portions of my interests to such young men in our service as my partners find possessed of exceptional ability."

Under a new and vibrant young manager, Homestead was humming as never before. The new manager was the most brilliant graduate of Capt. Bill Jones' magnificent school. His name was Charles Michael Schwab.

CHAPTER THIRTEEN

"SMILING CHARLIE" AND SOME PECULIAR ARMOR PLATES

IN THE EARLY '80's, WHEN CHEMISTRY WAS BEGINNING to reform the old hit-or-miss methods in the steel trade, Captain Bill Jones was profanely alarmed when the Pennsylvania Railroad specified that rails should be of a certain composition. Such curious lingo as "carbon" and "manganese" were Greek to him.

"Charlie," he said one day to his young assistant, Schwab, "this damned chemistry is going to ruin the steel business yet."

Charlie soothed the ruffled master and undertook to see that the railroad got the required units of carbon and manganese. The terms weren't Greek to the jovial, hustling adjutant. Young Schwab had been diving into books in the brief years since Captain Jones had rescued him from a grocery counter at Braddock and put him to work as a dollar-a-day stake driver.

Indeed, he had even assembled a crude chemical laboratory in a shed adjoining his boarding house. He passed all his spare time in the shed save for an occasional evening hour when he supplemented his slender income by giving piano and violin lessons, at fifty cents and a dollar per, to musically inclined sons and daughters of the steel-blowers. Father Bohn, a pupil of Liszt and chaplain of the St. Franciscan College in Loretto,

“SMILING CHARLIE”

Pa., Schwab's boyhood home, had given him more than a passing knowledge of music, as well as Latin, Greek and mathematics. Young Schwab also played the church organ, sang and assisted at serving mass.

Loretto, a dozing hamlet on the crest of the Allegheny Mountains, was founded by the famous Prince-priest, Demetrius Gallitzin. It is noted in church history as the home of Catholicism in western Pennsylvania. Its three hundred inhabitants lived together as one family under the spiritual guidance of the parish priest, the Franciscan brothers and the gentle nuns at the convent of the Sisters of Mercy. Here, in 1870, John Schwab, a spare, black-bearded man of American birth but German ancestry, brought his family from the nearby town of Williamsburg, Pa. Frau Schwab was a short, stout, round-faced woman, fair of hair and complexion. She is still living, rising ninety, and has lost none of her amiability and shrewd common sense.

In his short pants period, Charlie Schwab used to be beaten up pretty regularly by his younger brother, Joe. To shocked neighbors and the senior Schwabs this seemed a frightful reversion of natural laws, and Charlie was ordered to make a stand. Next time Joe chased him Charlie stopped short and tremblingly cuffed his astonished brother lightly upon the cheek. Then, before Joe could retaliate, Charlie threw his arms about him, burst into tears and exclaimed: "There now, Joe, I've licked you and we won't ever fight again."

In later life, Charlie won many a victory by similar methods.

John Schwab, beginning life as a hand in a woolen mill, amassed a frugal competence. He bought out

IN C R E D I B L E C A R N E G I E

Loretto's only livery stable and ran the stage to Cresson, six miles away and the nearest railroad station, carrying passengers and mail. Occasionally young Charlie drove the stage. Charlie had developed into a prankish, cocky lad, eager to learn and willing to try anything. He was always whistling and singing. The villagers called him "Dolly Varden" and "Smiling Charlie". He hung around with drummers who made fun of his flaming red neckties and told him stories which he repeated with gusto and embellishment.

From the time he donned his first pair of long trousers, Charlie had a soft eye for the girls. One romance of his adolescence is still remembered in Loretto: a sour old citizen of the town lost his wife. He shopped unsuccessfully in the neighborhood for another. Finally he disappeared for a spell and returned with a mate. Number two had a sister who decorated the stage in some capacity. This young woman dropped in for a visit the summer Charlie Schwab, seventeen, completed his second year at the Franciscan College. The boy got sweet on her and loafed on her doorstep all day and pretty nearly all night. The girl seemed to be gone on Charlie too. He wanted to marry her. She told him the stage was the place for a nice fellow like him who could play so well and sing so sweetly. But Charlie's people were dead set against his marrying an actress and going on the stage.

Just then A. J. Spiegelmire came to Loretto on a visit. He was part owner of a general merchandise store in Braddock. He offered young Schwab a clerkship at three dollars a week. At this climacteric moment Charlie's love decided to remove the delicious perfume

“SMILING CHARLIE”

of her presence. There were some who saw Mother Schwab's wily hand in the girl's decision. However that may be, Charlie smothered his sighs and went to Braddock. For several months he sold calico and dried apples. But he wasn't happy. A yeast of unrest and ambition stirred within him.

Now Captain Bill Jones enters the picture. Jones used to buy his cut plug and "two-for" cigars at Spiegel-mire's. In those days, if you asked for "two-fors" and gave the clerk a quarter, you got twenty cents change. Young Schwab waited on Jones and the rugged old pioneer liked the cut of the boy's jib. One day Schwab braced him for a job and Jones replied: "Sure, you look husky enough to drive a stake. Answer the whistle Monday."

The grocery clerk answered the whistle and his career as a steel man was launched. The recruit had no prevision of the stupendous expansion that was to come and the notable part he himself was to play. But he sniffed the acrid odors, he gazed wide-eyed into furnaces seething and foaming with their hellish brew, he saw men at work stripped to the waist with muscles strained and salient, figures right out of Wagner—and steel got into his blood. He explored every cranny of the Edgar Thomson works. He asked questions by the million. He pored over books. Such enthusiasm and energy were bound to bear fruit.

In six months Bill Jones pulled him off the stake-driving gang and gave him the title of assistant engineer. At twenty he was made chief engineer and assistant superintendent. The Cap'n was his idol and his model. He noted how the gruff boss handled men as well as

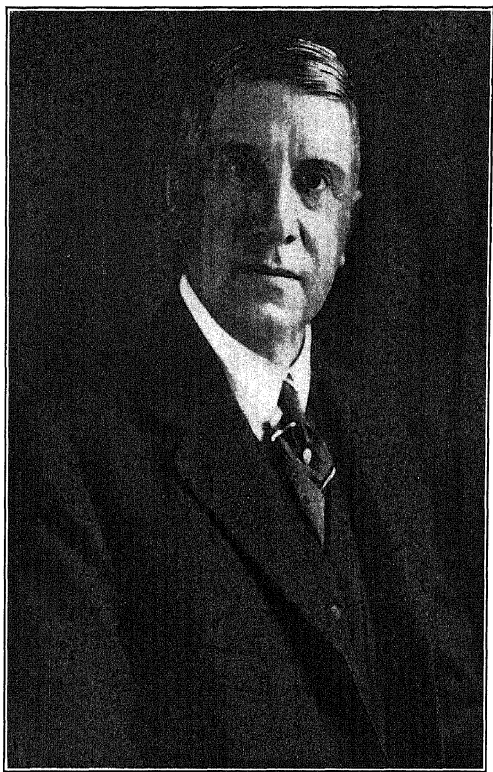
I N C R E D I B L E C A R N E G I E

metals, some roughly, some tenderly, how he piqued their pride, humbled some with asperous criticism, pampered others with praise. Soon Schwab was as proficient as the master himself in cajoling or "riding" the sweating gangs.

To his surprise and delight Jones discovered that Schwab could get along with Carnegie. The Captain used to characterize Carnegie as a wasp that came buzzing around to stir up everybody. One day Jones introduced Schwab to Carnegie with this blunt assertion: "Andy, here's a lad who knows more about the mill than I do." Thereafter, when ticklish problems arose or confidential reports had to be delivered at headquarters, Jones made Schwab his messenger to Carnegie. Schwab was not backward in improving the opportunity. No one ever had to tell Charlie to which side of the bread adhered the jam.

The squat, bearded Scot, always alert for young men whom he could mold and train in his own particular ways of commercial artfulness, at once marked Schwab for his own. When he first came before Carnegie, Schwab was a magnetic, sturdy youth, with small, sparkling eyes, full, tanned cheeks, a voice of bell-like purity, and a dimple-decorated smile that seemed to extend from brow to chin. His personality crackled and vibrated. He exuded self-confidence. His energy was almost abnormal. His mind was chain lightning, an encyclopedia in which were stored the most minute details of the Braddock works.

No man ever breasted the harsh Carnegie regimen so swimmingly as Schwab. The young man of Loretto, in addition to great ability, had a gift for flattery and



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CHARLES M. SCHWAB

blarney equal to Andy's own. He soon saw that the way to gain favor was to feed Carnegie's vanity and amuse him. In 1887, upon the recommendation of Jones, Schwab became superintendent at Homestead. He not only got along with the men but introduced labor-saving devices that made millions for the company. The twenty-five-year-old manager worked out a system of feeding raw material into the works at one end and moving the material along until it emerged as finished product—forerunner of the belt system now widely employed.

Schwab remained at Homestead, compiling a notable record, until 1889, when the death of Captain Jones called him back to Braddock. Three years later, after the labor uprising, he was again shifted to Homestead. The plant was still seething with unrest. Schwab's greatest test was at hand. For seventy-two hours he did not sleep. For weeks he scarcely removed his clothes. His coming had instant effect, however. Sabotage soon ceased. His warmth, his artful employment of Jones psychology eventually restored calm.

The achievement made Schwab Carnegie's fair-haired boy. Andy appointed Schwab general superintendent at both Braddock and Homestead. He showered him with bonuses and gave him a stock interest of one-third of one per cent. Schwab simply bubbled with enthusiasm. He bombarded Carnegie and Frick with ideas and suggestions. He cabled Carnegie at Cluny Castle begging permission to construct a new rolling mill. "It will be a success. I will guarantee it," he insisted. "Yes but who will guarantee the guarantor?" Andy dryly replied. On another occasion, Carnegie summoned Schwab to

IN C R E D I B L E C A R N E G I E

New York to explain his constantly growing costs. "I am told that you are personally extravagant, also," chided Carnegie. "Here you are, a poor country boy and yet you spend every cent you make." Schwab denied the charge and began narrating a stream of funny stories. Hours passed. Roar after roar of laughter came from Carnegie's library. Finally, George Irvine, the butler, came in softly and said to Schwab: "Pardon me, sir, but that cabman from the Holland House says he'd like to be paid or dismissed. He's been waiting for you since nine o'clock."

Crestfallen, Schwab looked at Carnegie. The latter was doubled over with mirth.

Any other than the new favorite would have drawn stern rebuke.

Schwab even survived an ugly scandal that revealed glaringly the shifty business standards of Merry Andrew and his men:

In September, 1893, six months after Grover Cleveland had taken office for his second term, H. A. Herbert, Secretary of the Navy, was visited by James H. Smith, a reputable Pittsburgh attorney. Mr. Smith said he represented four employees of the Homestead plant who had in their possession proof that the Government was being defrauded by the Carnegie Steel Company in the manufacture of armor plate for the navy. Such proof and additional evidence easily procurable would be given the Government in return for a percentage of the penalties collected, if any.

A preliminary talk with the men, all subordinates of General Superintendent Schwab, convinced Mr. Herbert that they had valuable information. Thereupon,

“SMILING CHARLIE”

after consultation with the Attorney-General, he signed an agreement to pay the informants twenty-five per cent of such sums as might be recovered. In a later report to Congress, Secretary Herbert thus outlined the charges:

These men had been gathering information for a long time and this they submitted to the department in great detail. The allegations were that the company's employes had failed to temper armor evenly and properly, had plugged and concealed blow-holes, which would probably have caused a rejection of plates by the government inspectors, and had re-treated, without the knowledge of the inspectors, plates which had been selected for ballistic test, so as to make these plates better and tougher than the group of plates represented by them.

The department had naval officers employed at these works as government inspectors. It was the duty of these officers to inspect all the plates as manufactured, to select from each group when completed one plate as a representative for ballistic tests, the physical qualities of which plate were to fulfil certain requirements before it could be sent to the proving grounds. These tests were made by taking pieces from different parts of the plate, turning them down into cylinders and breaking them in machines at the works, so as to exhibit their elasticity, tensile strength and elongation. The results of these tests at the works were carefully noted, and in each case forwarded to the department. The ballistic plate so selected was forwarded to Indian Head, where two shots of a calibre and velocity proportioned to the thickness of the plate

I N C R E D I B L E C A R N E G I E

were fired at it. If the plate withstood the prescribed test the group of plates represented by it was thereupon accepted.

The informants stated that some of these plates, after they were selected by the inspector at the works, had been secretly and without the knowledge of the government inspector, re-treated at night—that is, reannealed and retempered, so as to make them better and tougher than the group of plates of which they were supposed to be the least resisting. It was the duty of the Carnegie Steel Company also to submit to the inspectors at the works, to be forwarded to the department, statements showing the length of time each plate had been subjected to the heating and annealing processes.

It was the custom of the heaters at the Carnegie works to hand in statements showing this upon little slips of paper marked in pencil. These statements were subsequently copied and sent to the inspector to be forwarded.

The informants stated that under the direction of Superintendents Schwab, Corey and Cline, the statements furnished to the government inspector were in many cases false, and they submitted many original memoranda handed in by the heaters, which showed on their face in pencil marks that they had been altered. It was from these altered and false statements, the informants said, that the statements were made up that were sent to the inspector. These original memoranda were supposed to have been destroyed, but they had been preserved and sent to the department.

“SMILING CHARLIE”

Captain William Thomas Sampson, chief of the Bureau of Ordnance, and his experts were assigned to the investigation. This was the same Sampson who, as acting Rear-Admiral in command of the Atlantic fleet in the Spanish-American war, engaged in a long and bitter dispute with Commodore Winfield Scott Schley after the destruction of Admiral Cervera's fleet off Santiago, Cuba. Partisans of both men claimed credit for the victory. Three years after the war a board of inquiry rejected Schley's claims, but the controversy prevented Congress from awarding any official recognition to Sampson.

In the Carnegie armor plate investigation Sampson and his aides made extensive tests over a period of many weeks, sustained the charges in toto, and recommended that penalties be assessed at fifteen per cent upon the amount of armor delivered to the government and all premiums received from the government. The damages would amount to about \$288,000.

A wire was then addressed to Chairman Frick, of the Carnegie Steel Company, inviting him to come to Washington to see the Secretary of the Navy "on important business." Frick brought his aide, Millard Hunsiker, with him. Hunsiker was a famous "mixer" and the Beau Brummel of the Carnegie forces. When he was sent to Japan to seek orders for armor plate, he went in a blaze of military glory—having thoughtfully obtained an appointment as colonel on the staff of the Governor of Pennsylvania.

Frick and Hunsiker seemed astonished at the allegations, though the former mentioned the fact that he had been warned as to irregularities in armor making and

I N C R E D I B L E C A R N E G I E

had written a letter to Schwab, who superintended the heating and tempering, "cautioning him to the utmost care and diligence in faithfully fulfilling the contracts." Secretary Herbert's report continues:

After fully acquainting Messrs. Frick and Hunsiker with the facts, I demanded satisfaction for the damages resulting from these irregularities and informed them that they would only be allowed to proceed with the contract on condition of making full reparation . . . Messrs. Frick and Hunsiker promised, after looking into the matter of these charges, to return, as they did a few days afterward, bringing with them written statements made by Mr. Frick, Mr. Hunsiker and Superintendent Schwab. Mr. Carnegie returned with them and they were also accompanied by Mr. Knox, attorney for the company, who addressed the secretary on behalf of the company. Mr. Carnegie was also heard at some length. These gentlemen then left and the several statements were turned over to Captain Sampson, who subsequently made a report thereon, dated Dec. 16, 1893.

The report of the Chief of the Ordnance Bureau, relating to Schwab, was:

Mr. Schwab admits that the ends of sponson plates were treated to such a temperature as would draw the temper and afterward were retempered without reheating and tempering the whole body of the plates, which treatment is not only expressly forbidden by the instructions of the bureau, but

“SMILING CHARLIE”

also is manifestly improper, and would be admitted to be so by any impartial and competent person.

Mr. Schwab admits the plugging of blowholes, and apparently justifies it on the ground that such blowholes were not indicative of bad quality in the plates; but the fact remains that the government inspector, under instructions from the bureau, rejected plates showing extensive blowholes, and consequently that the concealment of blowholes was a fraud against the Government.

Mr. Schwab partially denies the charge that plates were passed by the presentation of specimens purporting to represent them, whereas they did not do so, having either been treated separately or being of different metal, but an analysis and comparison of first and second tests of plates show conclusively that this charge is true.

Mr. Schwab denies the charge that ballistic plates were treated after selection, except in one instance, where the plate was selected before treatment, in which case such treatment after selection was authorized, but the comparison of specimens taken from two such plates after the ballistic test shows conclusively that this charge is true.

Finally, there is nothing in Mr. Schwab's statements which would modify the bureau's opinion that fraud was practised against the government at the works of the Carnegie Steel Company, with the knowledge and under the direction of the superintendent and other leading men.

The chronological course of subsequent events is interesting:

On December 20, 1893, Andrew Carnegie appeared

I N C R E D I B L E C A R N E G I E

at the White House and had a long interview with the President. He let it be understood that he and Mr. Cleveland were discussing the Wilson-Gorman tariff bill.

On January 8, 1894, Carnegie surprised and infuriated his former high protection cronies by publicly appealing to Republicans and manufacturers in general to support the President's pet measure.

This was ten weeks before any hint of the armor frauds reached the public.

On January 10, 1894, the following letter was addressed to the Secretary of the Navy:

Executive Mansion,
Washington, Jan. 10, 1894.

Hon. H. A. Herbert, Secretary of the Navy:

Dear Sir: I have examined with care the report of the board appointed by you to investigate the alleged irregularities in the construction of steel armor at the Carnegie Steel and Iron Mills, and their assessment of the damage sustained by the government on account of deficiencies in the quality of the armor which was affected by such irregularities. I have also examined the evidence and the documents which form the basis of the government's claim for damages.

I am satisfied that a large portion of the armor supplied was not of the quality which would have been produced if all possible care and skill had been exercised in its construction. I am of the opinion that, under the terms of the contract between the government and the company, this constituted a default entitling the government to damages.

“SMILING CHARLIE”

It is, however, an exceedingly difficult matter to extract from the facts developed a satisfactory basis for the assessment of such damages, and, inasmuch as my decision of the matter is final, I am naturally anxious to do justice to the company and to avoid presumptions against it not fully warranted.

The award of the board, although exhibiting an honest desire to meet the case fairly, does not satisfy my inclination to give the company all reasonable benefit of the indefiniteness of the proofs obtained.

It appears that the first irregularities of construction were discovered about the third day of November, 1892. On the 16th day of September, 1893, some intimation of such irregularities reached the managers of the company, and a letter is produced, written by one of the superintendents, enjoining greater care in the preparation of the armor.

I am willing to assume that the faulty construction began on the third day of November, 1892, and was corrected on the 16th day of September, 1893. On all the armor manufactured for the government between these dates I think ten per cent from the price should be deducted.

The amount so manufactured is reported to be 2,647,937 tons and its value \$1,404,894.41. Ten per cent of this value is \$140,484.94, and this amount in my opinion, should be forfeited by the company to the government.

GROVER CLEVELAND.

The President's placid disposal of the scandal and mild rebuke of the Carnegie company roused Capt.

I N C R E D I B L E C A R N E G I E

Sampson and other naval officers. The affair could not be kept secret. Too many persons knew of it. The black facts reached the newspapers in March and were published all over the world. Carnegie and Cleveland were drenched with criticism. Newspapers and journals of opinion everywhere reproduced a famous *New York Herald* cartoon showing Carnegie, in kilts, hiding behind a steel shield. A gunner is about to pull the lanyard of a cannon labeled "Investigation." In panic, Andy cries: "Hold on! Don't shoot! I made this plate."

In August, a congressional committee of investigation submitted a blistering report. It held the company deliberately guilty and deplored the lack of legal and official machinery for dealing with such "crimes." The *New York Tribune* editorially characterized Carnegie and Frick as "sordid and ignoble," adding:

In palming off those defective and inadequate armor plates upon the government they were imperilling the lives of thousands of our seamen and jeopardizing the nation's honor and welfare, but they were making money. It is an appalling conclusion. One shrinks from believing a thing so monstrous. And yet there is the record in all its hideous simplicity and clearness. It is a record rich in instances of craft and avarice, but utterly destitute in fruits of candor and good faith. . . The expenditure of money in ostentatious charity and beneficence will not excuse the shameful means by which that money was acquired. The relinquishment of a moiety of plunder does not condone the theft. Messrs. Carnegie and Frick will go down in history covered with the odium of the Cummings report.



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"HOLD ON! DON'T SHOOT! I MADE THIS PLATE."

The date of this editorial in Whitelaw Reid's organ of standpat Republicanism was August 31, 1894. Schwab was still general superintendent at both Homestead and Braddock and still first in favor among the "young geniuses." Carnegie was placidly fishing on beautiful Highland lochs, apparently still convinced that Cleveland was a "pretty good fellow."

Frick, as usual, was hard at work under the blackened skies of Pittsburgh, building the Carnegie Company into a perfect industrial unit and placing it beyond the reach of competitors.

Henry Clay Frick's pet anecdote (he told few) concerned an old farmer who owned the biggest chicken farm in Western Pennsylvania. "I got my start this way," said the old fellow. "When I was young, I was out of work for a while. So I went over to a neighbor's and borrowed a hen and a dozen fresh eggs. I set the hen on the eggs and every one of them hatched. Then I waited until the hen had laid a dozen eggs. By this plan I was able to pay back what I had borrowed and have a dozen little chickens left for myself. I didn't invest a cent. All that my neighbor lost was the temporary use of a hatful of eggs that he never missed. This chicken farm is the result."

The illustration might aptly be applied to the methods by which Frick and the organization he so ably directed increased the Carnegie Company's profits from \$4,000,000 in 1894 to no less than \$21,000,000 in 1899. Frick was a positive genius in making improvements pay for themselves. For instance, he built a company railway connecting all the Carnegie plants. For hauling and

I N C R E D I B L E C A R N E G I E

switching, he exacted a rebate of twenty-five cents a ton from the bickering inter-state carriers that he had put "outside the fence." Not even the powerful Pennsylvania Railroad dare quarrel with a company that handled 16,000,000 tons of freight a year. The company railroad paid for itself in a short time.

Next Frick acquired great Bessemer ore mines. His associate here was Henry W. Oliver, the Harry Oliver who had sat on the telegraph messengers' bench with skinny little Andy Carnegie. Oliver had formed a mining company and was operating one of the first mines opened up on the famous Mesabi range in Minnesota, northwest of Lake Superior. From childhood, when his parents brought him over from County Tyrone, Ireland, Harry Oliver's life had been a series of fascinating ups and downs. After John D. Rockefeller had squeezed out the pioneer Merritt brothers in the panic of 1893, he became Oliver's landlord. Oliver owed John D. \$40,000 on Mesabi leases. Rockefeller agents threatened to close him out. Oliver hurried to New York, slipped a Negro porter twenty dollars and was shown the room in which John D. was enjoying his after-luncheon nap. When the oil king awakened, Oliver talked so fast and so convincingly that John D. extended his notes.

Oliver needed capital and offered the Carnegie Company a half interest in the Oliver Mining Company in return for \$500,000 for development. Carnegie opposed, writing Frick: "Oliver's ore bargain is just like him—nothing in it. If there is any department of business which offers no inducement, it is ore. It never has been very profitable, and the Mesabi is not the last great deposit that Lake Superior is to reveal."

Later, after he had learned that John D. Rockefeller had invested heavily in the ore region, he reluctantly consented to the venture. Still he expressed irritation. In one letter he spelled John D.'s name "Reckafellow," adding: "I don't think Standard people will succeed in making ore a monopoly like oil, they have failed in every new venture and Rockefeller's reputation now is one of the poorest investors in the world. His railroads are almost worthless. Note Troy, Cotton Seed, etc., etc. Still I favor *taking* the Oliver half gratis." Again in a formal communication to the board of managers, April 18, 1894, Carnegie wrote:

You will find that this ore venture, like all other ventures in ore, will result in much trouble and less profit than almost any branch of our business. If any of our brilliant and talented young partners have more time, or attention, than is required for their present duties, they will find sources of much greater profit at home. I hope you will make a note of this prophecy.

Despite this attitude of the controlling owner, Oliver and Frick persisted. In 1896 they arranged with Rockefeller to lease his mines upon a royalty basis of twenty-five cents a ton, vastly below the market price, in consideration of an agreement to ship 1,200,000 tons a year over Rockefeller railroad and steamship lines to Lake Erie ports at \$1.45 a ton. Frick and Oliver saw a saving of \$500,000 a year during the period of the proposed fifty year contract. Oliver hastened to New York to consult Carnegie who was again balking. Andy reported the conference in a grudging note to Frick:

I N C R E D I B L E C A R N E G I E

Oliver called today. He has got matter really in good shape—so HE SAYS. Hope he will have final papers to submit when you come. He may be too sanguine about closing on basis reported.

The astute Scot knew that Oliver was short, as usual, of operating capital. He thereupon demanded a five-sixths interest in the Oliver Mining Company. Oliver had to yield. It was one of the best bargains Carnegie had ever made. A better was in store.

A lowering of selling rates at Lake Erie docks, caused shareholders of rival mining companies to become panicky. Oliver and Frick decided to obtain options upon the stock of the three chief competing concerns. Oliver traveled widely and sewed up four hundred options. Fearing Carnegie's opposition, Frick went to Scotland with a portfolio of facts and figures. Carnegie turned down the proposition and chaffed Frick for his enthusiasm. Fuming beneath his chilled steel exterior, Frick returned to America and told Oliver what had happened. Oliver wrote out this cable:

CARNEGIE LAGGAN Sept. 25 1897

I am distressed at indications here that Norrie options expiring on Monday are to be refused. It would be a terrible mistake. The good times make it that I could not possibly secure these options again at fifty per cent advance. The Norrie mine controls the whole situation. They have sold over one million tons this year. With the additional property we will get from the fee owners, we secure fifteen to twenty million of the ore that the Carnegie Company are purchasing this year five hundred and fifty thou-

“SMILING CHARLIE”

sand tons. I will guarantee, counting the surplus they have in their treasury, to return in profits every dollar we invest in two years. Do not allow my hard summer's work to go for naught.

Henry W. Oliver.

Where all of Frick's impressive logic had not prevailed, this beseeching message did. Some chord in Carnegie was touched. Without explanation, he reversed his decision. The options were taken up. Within two years, the Carnegie-Oliver coalition owned two-thirds of the finest high grade Bessemer ore deposit on earth. "I am happy," Andy wrote Frick Oct. 9, 1897, "that we are now secure in our ore supply; it was the only element needed to give us an impregnable position."

The link from mines to furnaces was now complete except for a gap of two hundred miles from the Great Lakes to Pittsburgh. Carnegie solved this problem quickly. In New York he snapped up a rusty, dilapidated railroad called the Pittsburgh, Shenango & Lake Erie. In little over a year this road, reorganized as the Pittsburgh, Bessemer & Lake Erie, was carrying over its rebuilt road-bed trains of thirty-five steel cars. These sped from the company's docks at Conneaut on Lake Erie loaded with ore for the great blast furnaces in Pittsburgh.

To further copper-rivet the thousand-mile chain from Mesabi to Pittsburgh, Oliver bought for the Oliver Mining Company a fleet of six large ore-carrying steamships.

Now, indeed, the Carnegie Steel Company, Limited,

I N C R E D I B L E C A R N E G I E

had wiped out all the middlemen. It owned all its means of production and distribution. It pocketed every penny of profit from the ore in the ground to the finished beam and rail and girder.

The huge structure was a feudalism within a republic, its destiny dependent upon the nod of one man and one man alone. This arrogant, mercurial little Kaiser was jealous of his rights, impatient of counsel. Schwab and others of his bright young men he did not fear. In 1897, he had made Schwab president of the company so that he could "share some of Mr. Frick's burdens." Smiling Charlie had gradually been permitted to increase his stock holdings to six per cent. Frick, meanwhile, had reduced his total interest in the steel company from eleven to six per cent. He had told Carnegie bluntly he did not desire to be in his debt. The Chairman still dominated the Frick Coke Company and was interested in many outside ventures with a growing political and financial power, Andrew W. Mellon.

Imperceptibly, but steadily, a rift was developing between Carnegie and Frick. Only frozen self-interest had bridged over a decade their basic temperamental differences.

Carnegie was becoming increasingly irritated by Frick's growing individual prestige.

Frick chaffed at what he considered Carnegie's "*Imperator*" delusions.

A storm was brewing.

When it broke a bewildered public was to learn for the first time how bountifully a poor and artless emigrant lad could prosper in the land of the free and the home of the naive.

CHAPTER FOURTEEN

THE BREAK WITH FRICK

IN NOVEMBER, 1899, ANDREW CARNEGIE, IN MOST affable mood, sat in upon a meeting of the Carnegie Steel Company board of managers in Pittsburgh.

The Iron City, of which Herbert Spencer, Carnegie's revered mentor, had remarked that a month there would justify anyone in committing suicide, had seen little of the Carnegie Company overlord for a year. He had passed many pleasant months at his great new demesne, Skibo Castle, on Dornoch Firth, Scotland.

The huge castle, seven hundred years old, stood upon a high elevation, about half a mile from tidal water, sheltered from the northern winds by the hills and woods of Sutherlandshire, while from its windows a majestic panorama of mountain and loch stretched southward. The Skibo estate extended many miles inland from the firth and included thousands of acres of brown heath and shaggy wood. Near by were Macbeth's castle and the hill of Dusinane. The country is the most northern strip of Shakespeare's land to be found in the British islands.

Carnegie had purchased a fine steam yacht, the *Sea-breeze*, and was transforming Skibo into a lordly manor. The hundreds of crofters, or tenant farmers, who raised scanty harvests upon the unfruitful soil, tickled Andy by pulling their forelocks and addressing him, in humble

I N C R E D I B L E C A R N E G I E

awe, as the Laird. All the landed gentry they had known were poor and always skimping. Here was a Laird who spread prosperity over the whole region by lavish landscaping and remodeling projects, by building a golf course and swimming pool, nurseries and gardens, stocking the shooting and fishing preserves, going hi-skittle-skittle here and there by horse-back and coach and yacht, and finally by installing a wonderful organ and importing a Hungarian maestro to play it. For the Laird's guests the organ's tones softened somewhat the later morning march to the breakfast room to the shrilling of the inevitable Highland pipes.

Andy had bagged some notable guests that summer—the Rudyard Kiplings, Ambassador Choate, the Duke of Sutherland. The Duke was the only visitor who presumed to flaunt the stringent anti-nicotine rule of the house. He puffed sturdily at his cigarettes within the great halls while Choate, Kipling and other devotees of the weed sneaked their smokes under the greenwood trees. In each guest bedroom were little inscriptions of sweetness and light from Ruskin and other practitioners of optimism, printed in gold letters on watered silk, surrounded with sprays of green. For example:

| | |
|-----------------------------|-----------------------------|
| Sleep sweetly | scare thy rest |
| in this quiet room. | with dreams of coming ill. |
| O thou, | Thy Maker is thy |
| whoe'er thou art | changeless friend, |
| And let | His love surrounds |
| no mournful | thee still. |
| Yesterday | Forget thyself |
| Disturb thy peaceful heart, | and all the world. |
| Not let tomorrow | Put out each glaring light. |

THE BREAK WITH FRICK

The stars are watching
over head,

Sleep sweetly then,
Good night!

By now, Andy had become an oracle upon questions of international trade and politics. He had annoyed President McKinley no little by an artful campaign of opposition to annexation of the Philippines. In letters to the newspapers, interviews and occasional magazine articles he took free and positive part in the internal affairs of Great Britain as well as in all measures of public moment in America. An English editor journeyed to Skibo and asked Carnegie to write an article on "Organization in Business." "Yes," replied the iron master, "I can do it but my price may be too high for you." "Oh, that will be all right," responded the delighted editor. "Name your own price." "Well," replied Andy quickly, "I couldn't let you have it at less than the knowledge has cost me. Suppose we say five million dollars, which will be very much less than cost!"

Sailing for America on the fine, new, seven-day *Oceanic*, Andy told a knot of solemn British journalists that he conducted his business on the simple principle of the Golden Rule. "Gentlemen," he said without the flicker of an eye-lash, "my partners are not only partners but a band of devoted friends who never had a difference. I have never had to exercise my power and of this I am very proud. Nothing is done without a unanimous vote and I am not even a manager or director. The way my young partners differed from me and beat me many a time was delightful to behold. I never enjoyed anything more than to get a sound thrashing at the hands of these young geniuses. No man will make

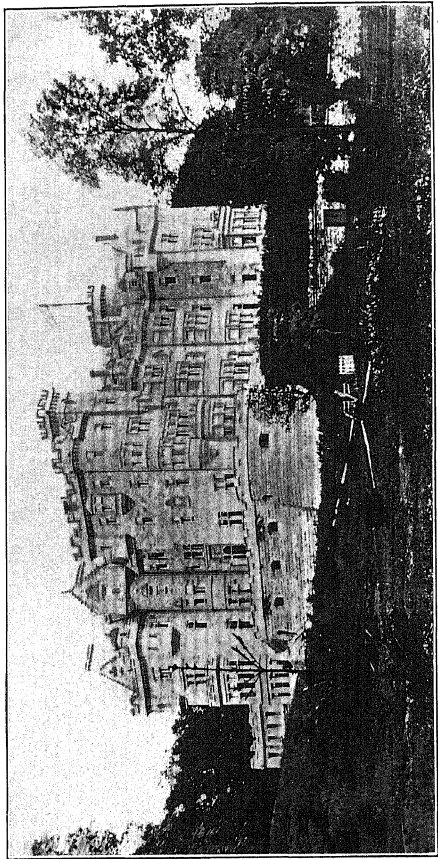
I N C R E D I B L E C A R N E G I E

a great business who wants to do it all himself, or to get all the credit of doing it. That spirit is fatal and sure proof of a small mind."

He made no mention of one trifle that vexed him: Frick was kicking over the traces on prices he wanted the Steel Company to pay the Frick Coke Company for fuel. What if the market price of coke, thought Andy as the *Oceanic* bore him westward, had gone up to \$3.50 a ton? Had not Frick promised to sell at \$1.35 and balked at signing a formal contract merely because Carnegie had sent a verbal message that he wanted coke cheaper than \$1.35 *if* the market fell? How was anyone to know the market would suddenly spurt before the contract was signed, sealed and delivered? Frick was too much of a stickler for his "rights." True, he was unsurpassed as a financier and he could hold down to earth headstrong hustlers like Charlie Schwab. But the man was becoming altogether too prominent. Why, to read certain silly statements that had appeared since the Homestead strike, you'd think Frick owned the Carnegie Steel Company. Well, he'd have to get down to Pittsburgh and deal with the fellow. There were more ways than one to skin a cat.

So, this November mid-day, Carnegie sat, smiling and jovial, in the board room and watched, with apparent satisfaction, the clock-like precision with which Chairman Frick ran the great industrial organization. The chief owner seemed agreeably acquiescent when the board unanimously voted to purchase, at \$3,500 an acre, a large tract of land on the Monongahela River long owned by Frick.

The meeting over, Carnegie chatted amiably with



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SKIBO CASTLE, SCOTLAND

THE BREAK WITH FRICK

Frick, Schwab and the rest of his "boys." That afternoon he called upon John Walker and other old associates. To several persons he dropped a jesting remark that Frick was making a "pretty good thing" out of the realty deal. "Frick always manages to look out for Number One first, doesn't he?" he observed to John Walker, a little more directly. "Look at his refusal to give us coke at \$1.35. Pretty snide, I call it." "Well," replied Walker bluntly, "it would be a gift at that price." Walker was a close friend of Frick, a heavy stockholder and board member of the Frick Coke Company and had already voted with Frick to ignore the unsigned coke contract.

These slanting slurs, of course, got back at once to Frick. The bearded little fomenter of so many similar flanking movements no doubt intended they should. Something within him kept him hurling himself at this strong man. Was it mere pique or the instinct that often causes a weak schoolboy to fly again and again at a chap who has licked him over and over again?

Now, again, Carnegie found that he had sadly misjudged Frick's fighting qualities. At the next meeting of the board, November 20, Frick spread an open "minute" upon the record containing this blunt challenge:

Mr. Carnegie stated, I am told, while here that he had purchased that land from me above Peter's Creek; that he had agreed to pay market price, although he had his doubts as to whether I had any right, while Chairman of the Board of Managers of the Carnegie Steel Company, to make such a purchase. He knows how I became interested in

I N C R E D I B L E C A R N E G I E

that land, because I told him so in your presence, the other day. Why was he not manly enough to say to my face what he had said behind my back? He knew he had no right to say what he did. Now, before the Steel Company becomes the owner of that land, he must apologize for that statement.

I learn that Mr. Carnegie, while here, stated that I showed cowardice in not bringing up question of price of coke as between Steel and Coke Companies. It was not my business to bring that question up. He is in possession of the Minutes of the Board of Directors of the Frick Coke Company, giving their views of the attempt, on his part, to force them to take practically cost for their coke.

It is the business of the Presidents of the two Companies to make contracts of all kinds. Mr. Carnegie has no authority to make a contract that would bind this Company. Neither have I any authority to make any contract that would bind the Frick Coke Company, and, at any rate, why should he, whose interest is larger in Steel than it is in Coke, insist on fixing the price which the Steel Company should pay for their coke?

The Frick Coke Company has always been used as a convenience. The records will show that its credit has always been largely used for the Steel Company, and is today, to the extent of at least \$6,000,000. The value of our coke properties, for over a year, has been, at every opportunity, depreciated by Mr. Carnegie and Mr. Lauder, and I submit that it is not unreasonable that I have considerable feeling on this subject.

He also threatened, I am told, while here, that, if a low price did not prevail, or something was not

THE BREAK WITH FRICK

done he would buy twenty thousand acres of Washington Run coal and build coke ovens. That is to say, he threatened, if the minority stockholders would not give their share of the coke to the Steel Company at about cost, he would attempt to ruin them.

Harmony is so essential for the success of any organization that I have stood a great many insults from Mr. Carnegie in the past, but I will submit to no further insults in the future.

There are many other matters I might refer to, but I have no desire to quarrel with him, or to raise trouble in the organization, but, in justice to myself, I could not at this time, say less than I have.

Frick read his defiance in even, conversational tones. The men about the table were stunned. For several days Schwab and others vainly begged Frick to withdraw or temper his violent attack before Carnegie, in New York, would receive his copy of the minutes. Frick was adamant. "I have stood enough," he said. "Mr. Carnegie can do as he pleases. I am willing to resign at any time." However he did not oppose a reconciliation move by Schwab and Henry Phipps. Schwab and Phipps went to New York. They found Carnegie in a berserk rage. Schwab's position, as a hopeful peacemaker, was particularly trying. Carnegie had never permitted his youthful aide to forget that he had "made" him. On the other hand, Frick had stood by him in the armor scandal and, more than once, had saved him from humiliation at the hands of the mercurial Carnegie. "If I have anything of value in me," he had once written Frick, "your method of treatment will bring it out. I regard with

I N C R E D I B L E C A R N E G I E

more satisfaction than anything else in life—even fortune—the consciousness of having won your friendship and regard.”

For once Schwab’s persuasive powers failed. Striding before the marble mantel in his library, in which was carved an open book with the inscription: “He that cannot reason is a fool, He that will not a bigot, He that dare not a slave,” Carnegie shouted: “Frick must resign! If he doesn’t get out voluntarily, I’ll kick him out!”

Schwab returned mournfully to Pittsburgh. All day Sunday, December 3, he fought with himself. The warmer impulses of his nature urged him to leap to Frick’s side. On the other hand, Carnegie’s money power could, and probably would, snip off his (Schwab’s) head as easily as a housewife clipping blossoms in a garden. The last three years had been a golden era for the thirty-eight year old president of the Carnegie Steel Company. He had flowered socially. He had been to Europe, gobbling up everything he could see and read on Napoleon. He wore a dinner coat nights. He had met famous men and beautiful women; and had become more than a local celebrity himself. Public attention and newspaper notoriety acted on him like heady wine. Must he give up all this?

That Sunday evening, by messenger, Schwab sent Frick a letter. One or two passages reach nobility—almost:

My dear Mr. Frick:

I write you confidentially. I just returned from New York this morning. Mr. Carnegie is en route

to Pittsburgh today—and will be at the offices in the morning. Nothing could be done with him looking towards a reconciliation. He seems most determined. I did my best. So did Mr. Phipps. I feel certain he will give positive instructions to the Board and Stockholders as to his wishes in this matter. I have gone into the matter carefully and am advised by disinterested and good authority that, by reason of his interest, he can regulate this matter to suit himself—with much trouble no doubt, but he can ultimately do so.

I believe all the Junior members of the boards and all the Junior Partners will do as he directs. Any concerted action would be ultimately useless and result in their downfall. Am satisfied that no action on my part would have any effect in the end. We must declare ourselves. Under these circumstances there is nothing left for us to do than to obey, although the situation the Board is thus placed in is most embarrassing.

Mr. Carnegie will no doubt see you in the morning and I appeal to you to sacrifice considerable if necessary to avert this crisis. I could not say much on this subject but you understand and it is unnecessary. Personally my position is most embarrassing as you well know. My long association with you and your kindly and generous treatment of me makes it very hard to act as I shall be obliged to do. But I cannot possibly see any good to you or anyone else by doing otherwise. It would probably ruin me and not help you. Of this as above stated I am well advised by one most friendly to you. I beg of you for myself and for all the Junior Partners, to

I N C R E D I B L E C A R N E G I E

avoid putting me in this awkward position, if possible and consistent.

I write you this instead of telling you because I cannot under the circumstances well discuss this subject with you at this time, and I wanted you to know before tomorrow. Please consider confidential for the present, and believe me

As Ever

C. M. S

Next day Carnegie summoned a special meeting of the board and forced the managers to sign a demand requesting Chairman Frick to resign. Frick replied on December 5 with a one sentence letter: "Gentlemen: I beg to present my resignation as a member of your Board."

Still Carnegie was unsatisfied. He yearned to humiliate further the man who had always borne himself as an equal. Over the holidays, Carnegie perfected plans for the complete ejection of Frick.

On January 8, 1900, without announcing himself, he entered Frick's office. "Good morning, Mr. Frick," sang out Andy, cheerily. Frick nodded gravely and said nothing. Without mention of the personal issues between them, Carnegie proposed a two year coke contract at \$1.35. Frick, who owned but twenty-three per cent of the Frick Coke Company, asked:

"Is that the contract you propose to have made?"

"It is perfectly fair," replied Carnegie. "What do you say?"

"But if I object," asked Frick, "it is your intention to put it through anyway?"

THE BREAK WITH FRICK

"That plan or something similar will undoubtedly be adopted. You may as well make up your mind as to that."

The colloquy, as recalled by Frick to his official biographer, Col. George Harvey, and substantially borne out by subsequent events, continued:

Frick: Mr. Carnegie, would you like to sell your interest in the Coke Company at a price to be fixed by competent and disinterested business men? If so, I will buy it.

Carnegie: I will have nothing to do with outsiders.

Frick: Will you buy my interest in the Steel Company at a price to be fixed in the same way? If so, you can have it.

Carnegie: Nothing to do with outsiders. Never have had. If the company wants to take over your interest, the way is provided and you have signed for it.

Frick: At the sum appearing on the books, you mean, without regard to its actual value?

Carnegie: As provided by the contract.

Frick: And if I do not accept your proposed agreement between the two companies, or whatever else you may suggest, you intend to take over my interest in the way you have indicated?

Carnegie: It is not my business; it's the company's.

Frick: And the company will try to do it?

Carnegie: Why not? The company has the right.

Frick: And you will advise the company to exercise its power?

Carnegie: Your interest will surely be taken over by the company; you can depend on that.

A surge of anger swept over Frick. With blazing eyes,

I N C R E D I B L E C A R N E G I E

he leaped to his feet. Carnegie had already noted the danger signal. Fast as his short legs could carry him he rushed to the door and down the hall. Frick followed for a few steps, with clenched fists. Then the deposed chairman returned to his office, got his hat and overcoat and went to luncheon.

During the nineteen years of life that remained for each, Frick and Carnegie never spoke.

After luncheon Frick dropped into John Walker's office. "John," he remarked sorrowfully, "I lost my temper this morning. First time in years."

"Well, I knew you had one," observed Walker, smiling. "Carnegie, I suppose. Proceed."

Frick narrated the episode in detail. "All right!" exclaimed Walker. "That will clear the air. We shall soon be out in the open now. High time."

Matters came to a head almost at once.

Carnegie employed every resource to oust Frick from both the coke and steel companies. He bounced pro-Frick members of the Coke Company board and had the new men ratify the alleged \$1.35 contract. He determined to recapture Frick's interest in the Steel Company. His instrument was a so-called "Iron-Clad Agreement" providing for the surrender of any junior partner's stock at any time upon request of three-fourths of the stockholders holding three-fourths of the capital shares, "at the value appearing on the books."

The quoted phrase, of course, contained the "catch". The book value of Frick's stock, as estimated by Carnegie, was \$4,900,000; whereas Frick's shares were then earning more than this amount each year.

The Iron-Clad Agreement had not been signed by all

the partners. In fact there had been a number of iron-clad agreements. Frick had signed the Iron-Clad of 1892. Through a series of complicated resolutions, successively forced through the board, Carnegie sought to validate the 1892 Iron-Clad. Then he set out to obtain the necessary signatures of three-fourths of his partners. Only three refused to jump at the crack of the ring-master's whip. Secretary Francis T. F. Lovejoy was one of the mutineers. Another was Henry M. Curry. The former clerk of the Union Iron Mills, now an elderly man, was on his death bed when Carnegie went to see him. He refused to sign, saying: "Mr. Frick is my friend." "And am I not also your friend?" asked Carnegie. "Yes," was the feeble and pathetic answer of the sick man, "but Mr. Frick has never humiliated me."

Henry Phipps also sided with Frick. Carnegie was outraged. He had generally been able to lead by the nose the tiny, mild cobbler's son. But Phipps saw, in the summary proceedings against Frick, a portent of what might happen to him some day. He thought of his family and his children. In the dining room of his palatial Allegheny home were five gorgeously colored stained glass windows, each containing a likeness of one of his children. Phipps had another grievance against his old crony: the previous year Carnegie had decided to sell his majority interests in the Steel and Coke Companies for \$157,950,000 and had granted an option to a syndicate headed by Judge W. H. Moore, of Chicago. Frick and Phipps joined in taking the option. The deal fell through and Carnegie pocketed a forfeit of \$1,170,000. Part of the option sum had been put up by Frick and Phipps upon the assurance of Andy that this was

I N C R E D I B L E C A R N E G I E

a mere formality and that they would not be permitted to suffer any loss.

Despite the defection of Phipps, Lovejoy and Curry, Carnegie's power easily prevailed. On January 15th, this notice was served on Frick:

Under the provisions of a certain Agreement between The Carnegie Steel Company, Limited, and the partners composing it, known as and generally referred to as the "Iron-Clad" Agreement, we, the undersigned, being three-fourths in number of the persons holding interests in said Association, and three fourths in value of said interests, do now hereby request Henry C. Frick to sell, assign and transfer to the Carnegie Steel Company, Limited, all of his interest in the capital of The Carnegie Steel Company, Limited, said transfer to be made as at the close of business January 31, 1900, and to be paid for as provided in said Agreement.

Frick and Phipps at once addressed formal letters of protest. Both expressed the belief that the "fair and true" value of the Steel Company's properties "considerably exceeded" \$250,000,000. Frick offered to accept impartial appraisal. There was no acknowledgment. February 1st, Frick received this terse notification:

Mr. H. C. Frick,
Building.
Dear Sir:

I beg to advise you that pursuant to the terms of the so-called "Iron-Clad Agreement" and at the request of the Board of Managers, I have today act-

THE BREAK WITH FRICK

ing as your Attorney in Fact executed and delivered to The Carnegie Steel Company, Limited, a transfer of your interest in the capital of said Company.

Yours truly,

C. M. Schwab.

By now both sides had retained counsel. The stage was set for trial of the most remarkable suit of its sort ever instituted in America. Risking loss of the fattest retainer in the state, Knox & Reed, the Carnegie Company's lawyers, refused to appear against Frick. Carnegie made frantic efforts to obtain the famous John G. Johnson. Frick got him first. Johnson's associates were D. T. Watson and Willis F. McCook. Carnegie's lawyers were George Tucker Bispham, Richard C. Dale, Clarence Burleigh and the firm of Dalzell, Scott & Gordon.

In March, Frick filed an equity suit. The complaint and Carnegie's answers were bitter and abusive. Frick called Carnegie a fraud and a cheat, animated by personal hatred. Carnegie retorted in kind. Frick, he swore, was "a man of ungovernable temper." Belaboring each other like enraged washerwomen, the great leaders of industry furnished an edifying spectacle. The quarrel and its consequent revelation of the stupendous profits of the Carnegie Company, hitherto suspected but never proven, attracted world attention. Here was the responsible manager of the firm swearing that the value of its assets, as of December 31, 1899, was no less than a quarter of a billion dollars—ten times its capitalization.

Everywhere pages were printed of the "secrets of the Steel Trust." Editors and legislators expressed the hope the case would go to trial. One journal declared: "What

I N C R E D I B L E C A R N E G I E

legislative bodies and committees of inquiry have failed to accomplish may be reached if the secrets of the great corporation are passed in review through the courts." At every cross-roads people discussed the evils of bloated tariff-protected monopolies. Angry murmurs came from the great army of Carnegie workmen, laboring twelve hours a day, some of them seven days a week, to pile up these unshared profits. The common man had a new Octopus to curse. Temporarily, John D. and his wicked Standard Oil Company were forgotten.

Edwin Markham, a young California school teacher, had recently published in the San Francisco *Examiner* a poem called "The Man With the Hoe" and the country was still seething from its effect. Spellbound by Millet's painting, Markham had pictured "The Man With the Hoe" as a creature "brutalized through long ages of industrial oppression" and through "endless, hopeless and joyless labor":

Bowed by the weight of centuries he leans
Upon his hoe and gazes on the ground,
The emptiness of ages in his face,
And on his back the burden of the world.
Who made him dead to rapture and despair,
A thing that grieves not and that never hopes,
Stolid and stunned a brother to the ox?
Who loosed and let down this brutal jaw?
Whose was the hand that slanted back this brow?
Whose breath blew out the light within this brain?

Debating societies, schools, orators, ministers, sociologists hotly discussed the "message" of the poem. Strange as it seems, the man on the street identified him-

THE BREAK WITH FRICK

self with Markham's victim. The New York *Herald* asked: "Is a revolution pending in America—a bloodless revolution this time, fought not with bullets but with ballots?"

At Skibo, the previous summer, Carnegie had passed Markham's poem about with his own marginal comments upon the state of the downtrodden laborer. Andy observed: "The maker of all created him lower than now. He too has risen to human form and soon will go forward to human feelings. Brow was never so high as now. No light was in the brain till recent days. It was a beast never had upward looking till now, is only partly human in our age, progressing daily, evolving higher out of lower. All is well."

All was decidedly unwell, however, with the Carnegie Steel Company, Limited, in this month of March, 1900. The magnificent organization was quaking. Its rivals were chortling. Frick's strong hand at the helm was missed. And now, again, came the flood of cartoon ridicule, editorial assault and pulpit jibes.

Frick was prepared to feed the flames of public indignation. He let the groggy defense know that he intended to produce at the trial or before a boastful letter from Schwab certain to turn the outcries against "Saint Andrew," as some of the papers were satirically dubbing Carnegie, into an uproar. The letter contained dynamite. Written in 1899, it was intended to be attached to the Moore-Frick-Phipps Syndicate's prospectus. President Schwab frankly admitted that there was no longer any need to protect the Carnegie Company against foreign competition.

"You know we can make rails for less than twelve

I N C R E D I B L E C A R N E G I E

dollars a ton," Schwab wrote. "I know positively that England cannot produce pig iron at actual cost for less than eleven dollars and fifty cents per ton, even allowing no profit on raw materials, and cannot put pig iron into a rail for less than seven dollars and fifty cents. This would make rails at net cost to them of nineteen dollars. We can sell at this price and ship abroad so as to net us sixteen dollars at works for foreign business, nearly as good as home business has been. What is true of rails is equally true of other steel products. As a result of this, we are going to control the steel business of the world."

Carnegie could not stand the gaff.

As suddenly as he had started the fight, he called it off. He summoned Phipps and begged him to make peace. Frick was willing, provided his pocket did not suffer. Frick was far too astute not to realize the demoralizing effects of further strife. He proposed a consolidation of the Steel and Coke Companies; and appointed Francis Lovejoy as his representative to decide upon a basis of proper valuation.

On March 17, St. Patrick's day, Phipps, Schwab and Lovejoy met at Carnegie's house. In the light of the fading day, Carnegie looked old and fagged. At sixty-four he did not rebound so readily to shock and collision. "Boys," he said wearily, "work the thing out your own way. I only want what is fair."

March 21, in Atlantic City, there was a larger meeting. This became famous as the Atlantic City "compromise." It was really a triumph for Frick. Agreement was reached to consolidate the mammoth Carnegie Steel Company, Limited, and the great Frick Coke Company

T H E B R E A K W I T H F R I C K

into The Carnegie Company with an issue of \$160,000,-000 bonds and \$160,000,000 stock, a total capitalization of \$320,000,000. The three principal partners received:

| | Stock | Bonds |
|--------------------------|--------------|--------------|
| Andrew Carnegie . . . | \$86,382,000 | \$88,147,000 |
| Henry Phipps | 17,227,000 | 17,577,000 |
| Henry C. Frick | 15,484,000 | 15,800,000 |

The remainder went to sixty junior partners and heirs of deceased members of the combined firms. The par value of the stock was \$1,000 a share. George Lauder received \$5,482,000 in stock and \$5,593,000 in bonds. Schwab got \$3,980,000 in stock and \$4,061,000 in bonds. The interest of Tom Carnegie, as evidenced by the allotment to his widow, Lucy Coleman Carnegie, was \$2,459,000 in stock and \$2,510,000 in bonds.

The relieved Schwab celebrated the Atlantic City "compromise" with an elaborate banquet in Philadelphia, ordered by telegraph. Frick sent a wire to a friend:

Settlement made. I get what is due me. All well. I, of course, have not met this man Carnegie and never expect nor want to. It is not my intention to be officially connected with the reorganized concern.

The Carnegie Steel Company's last month of operation, March, 1900, showed net profits of more than \$5,000,000, a rate upward of \$60,000,000 per annum. Frick dropped a line to Andrew Mellon in London: "Pretty satisfactory figures, are they not?"

Although entirely divorced from the management, Frick watched matters with his customary thorough-

I N C R E D I B L E C A R N E G I E

ness. Within four months of The Carnegie Company's birth, on April 1, 1900, Frick noticed signs of prodigal management by President Schwab. He thereupon despatched his last message to Carnegie:

Carnegie, Clashmore, Scotland:

You being in control, stockholders and public look to you to see that the great Carnegie Company is managed successfully and honestly. Five-year contracts for coal fifty per cent above the lowest price paid, and six per cent above prices now currently paid by smaller concern. Ruinous. Scrap unloaded on you at fancy prices, while others were selling, now being sacrificed abroad. Look into these and other matters yourself. Do not let them hide things from you. You cannot trust many by whom you are surrounded to give you facts. You need commercial rather than professional ability to cope with concerns managed by brainy and honest men trained to the business. You are being outgeneralled all along the line, and your management of the Company has already become the subject of jest.

Frick.

That message, one cannot doubt, spurred Carnegie's increasing eagerness to sell out. Opportunity to quit soon came.

By an able campaign of terrorism and adroit employment of "Carnegie cattlework along the border," the most ruthless individualist industry has ever known accomplished his purpose.

The weaver's son became owner in fee simple of a fluid fortune probably unequalled even by the enormous cash capital of John D. Rockefeller.

CHAPTER FIFTEEN

THE BIG CLEAN UP

AT THE TURN OF THE CENTURY, CARNEGIE FACED A pressing problem.

Improved metallurgical processes and a hundred new uses of fabricated material in buildings, bridges, ships etc., had increased his profits enormously. But he felt the loss of Frick, more than he ever confessed. Not one of his workmen partners, from the swift, magnetic Schwab down, equalled the former chairman in resourcefulness. Without the matchless co-ordinating mind of Frick the great machine was weakening in some of its parts. Carnegie knew it if outsiders did not.

To make matters worse, bold, forceful men, eager to enrich themselves, were invading the field in which Carnegie had long been pre-eminent. With breath-taking suddenness, in 1898 and 1899, the steel and iron trade witnessed an extraordinary series of mergers. Bet-a-Million John W. Gates, prince of gamblers, launched his American Steel & Wire Company of New Jersey. Judge William H. Moore and his equally daring brother, James, founders of Diamond Match and National Biscuit, snapped into one combination no fewer than 265 tin-plate mills.

J. Pierpont Morgan formed the \$200,000,000 Federal Steel Company with Elbert H. Gary, an able Illinois lawyer, as president. Carnegie got a taste of this lusty

I N C R E D I B L E C A R N E G I E

young rival's potentialities when he invited Gary to luncheon, fed him canvasback duck and suggested a rail pool agreement between the Carnegie Company and the Federal. "I am willing, Mr. Carnegie," agreed Gary with disconcerting composure, "*if we can do it on an equal basis*. I don't think you will have the major part of the rail business long." Carnegie threw up his hands but consented. Gary had impressed him.

This was a period of flux and change in the trade. A new model get-rich-quick man, the industrial promoter, was in the saddle. John Moody relates an anecdote illustrating the wildcat nature of those boom days. A party of steel men, in convivial mood, were returning to Chicago one night after a purchasing tour of smaller plants. "There's a steel mill at the next station," recalled one, raising his glass. "Let's get out and buy it." The proposal was carried by acclamation. Long after midnight the plant owner was pulled out of bed with a demand that he sell on the spot. "My plant is worth two hundred thousand dollars but it isn't for sale," he protested. "Never mind the price," shouted the hilarious visitors. "We'll give you three hundred thousand, five hundred thousand!"

Carnegie watched the dizzy course of the rival promoters with inner anxiety. He knew that he would either have to assume more active direction of his great business or sell out. He determined to sell—in his own way and at his own price. Immediately he began a campaign of masterly manoeuvring that has no parallel in industrial history.

He trumpeted throughout the land a series of new projects that threw the trade into turmoil. He an-

nounced that he would fight Gates by erecting a gigantic rod mill at Pittsburgh. He let it be known that he was planning a railroad from Pittsburgh to the Atlantic to rival the Pennsylvania. Early in the summer he announced that he had purchased land for the immediate construction of a \$12,000,000 tube plant at Conneaut, Lake Erie terminus of his Bessemer Railroad. This was a declaration of war upon the National Tube Company, just floated by J. P. Morgan & Company. Andy blandly answered a rush of rumors.

"The policy of the Carnegie Company," he asserted, "is to co-operate in every way with its fellow manufacturers in the industrial world, and not to push itself into any new field save in self-defence. We did not leave the National Tube Company. They left us, which they had a perfect right to do, of course. Now we are ready to shake hands and co-operate with them in the most friendly spirit. We are better for them than a dozen small concerns, conducted in a small jealous way. We believe there is room enough for the two concerns," etc.

A little later Carnegie changed his tactics. President Schwab brought back from Skibo a message which was permitted to reach the public:

If I were czar (of the Carnegie Company), I would make no dividends upon common stock, save all surplus, and spend it for a hoop and cotton-tie mill, for wire and nail mills, for tube mills, for lines of boats upon the Lakes for our *manufactured* articles, and to bring back scrap, etc. . . . Put your trust in the policy of attending to your own business in your own way and running your mills,

INCREDIBLE CARNEGIE

regardless of prices, and very little trust in the efficacy of artificial arrangements with your competitors, which have the serious result of strengthening them if they strengthen you. Such is my advice.

Soon followed an even more defiant statement:

In the case of this Tin Plate Company as in the case of the American Wire Company, if our President steps forward at the right time and in the right way, informs these people that we do not propose to be injured, on the contrary, we expect to reap great gains from it; that we will observe an "*armed neutrality*" as long as it is made to our interest to do so, but that we require this arrangement—then specify what is advantageous for us, very advantageous, more advantageous than existed before the combination and he will get it. If they decline to give us what we want, then there must be no bluff. We must accept the situation and prove that if it is fight they want, here we are "always ready." Here is a historic situation for the Managers to study—Richelieu's advice: "First, all means to conciliate; failing that, all means to crush." Shakespeare has it: "First in your right hand carry gentle peace"; but after Peace is gone the worst policy in the world is "gentle war."

We should look with favor upon every combination of every kind upon the part of our competitors; the bigger they grow the more vulnerable they become. It is with firms as with nations; "Scattered possessions" are not in it with a solid, compact, concentrated force.

THE BIG CLEAN UP

Gates, the brothers Moore and the other steel promoters began to feel that Carnegie really meant business. They knew, too well, that their own over-capitalized concerns were vulnerable. Let stock-jobbing brokers with watered securities to sell, assure hesitant customers that Carnegie was only bluffing. Judge Moore and many others had had a taste of Carnegie medicine in the past. And so panic seized them. They ran about like cackling geese, filling the newspapers with their squawkings, reproaching, imploring, accusing each other.

Finally, they ran to their master, he whom Thomas Hitchcock ("Matthew Marshall"), financial writer of the *Sun*, had tagged Jupiter. The name was properly bestowed, for Pierpont Morgan's word was "I command."

The steel promoters begged Morgan to buy out Carnegie and organize the industry into one indomitable unit. This was the very consummation for which Carnegie was devoutly hoping. Morgan, he knew, was the only man alive who could swing so great a deal—and give Carnegie his price.

Morgan disliked the Scot intensely, both personally and because of Carnegie's ruthless, individualistic, dog-eat-dog methods. He considered Carnegie the most disruptive foeman of the Morgan "community of interest" idea. Nevertheless, when he did begin to move, slowly, Morgan moved as Carnegie wanted him to. The stern exigencies of the situation, more than a certain celebrated dinner and sales speech by Schwab or any other single romantic factor, impelled Morgan to form the United States Steel Corporation. This becomes clearer as new light is shed upon the tremendous transaction.

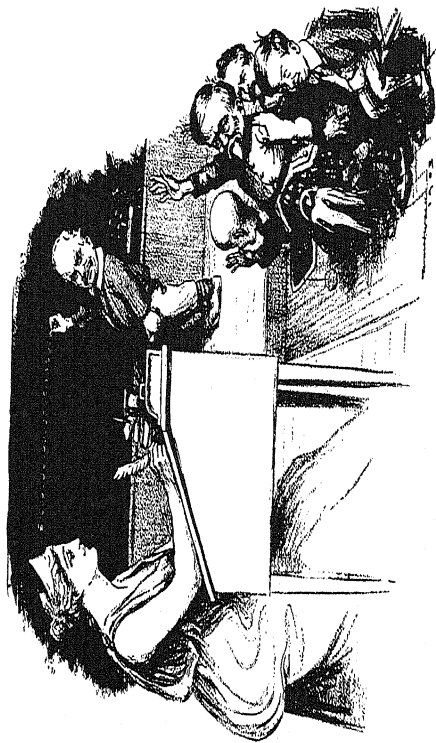
I N C R E D I B L E C A R N E G I E

Charles R. Flint, well-known corporation lawyer, was deputed to sound out Carnegie. Flint describes the meeting in his memoirs:

Carnegie spent several hours describing to me his plans for increasing his production and fabrication of steel. Carnegie, knowing my pleasant relations with J. P. Morgan & Co., may have shrewdly divined that I was gathering information in their interest. I cannot explain in any other way why he gave me so much detailed information about his business.

The proposed plant (at Conneaut) that he described was a gigantic one on about the same scale as the present United States Steel plant at Gary. He indicated the location of different sections, explaining how steel tubes could be produced at a lower price than they could be manufactured by the National Tube Company; a structural steel at a lower price than it could otherwise be produced, which would enable him to undersell the American Bridge Company; and steel and wire manufactured at a lower cost than it could be produced by the American Steel & Wire consolidation.

The three industrials mentioned had been organized by Morgan and were successful, but they had never had to meet such competition as would inevitably have resulted if Carnegie's Conneaut plant had been constructed. This was the Scotchman's way of convincing the Morgan interests of the benefits of consolidation. After he had finished I said: "Mr. Carnegie, what you have told me in regard to the proposed expansion of your business, I have found intensely interesting and it naturally



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"TEACHER, THERE ISN'T A SUM LIKE THAT IN MY ARITHMETIC."
"PIERPONT HAS HIS OWN ARITHMETIC."

THE BIG CLEAN UP

would be interesting to others, but I will not repeat one word of what you have said to me unless it meets with your approval."

"What I have talked to you about," Carnegie answered, "is a matter of national interest and you are free to repeat anything I have said."

Some time after the great consolidation had been accomplished, when the common shares of the United States Steel Corporation were selling at about 15, I happened to call on Carnegie. I entered his library, a small room, and my eye was immediately caught by a double page colored picture from *Puck* which was set upon the mantel above the fireplace. It was a burlesque of the great Verestchagin's painting *Napoleon's Retreat from Moscow*, in which Morgan and his associates were pictured trudging through the snow—Morgan in the costume of Napoleon Bonaparte surrounded by his generals among whom were Charles M. Schwab and John W. Gates. Some of the lesser lights tramped forlornly behind the leaders, while others, utterly exhausted, had fallen in the snow to perish from cold and hunger.

Carnegie made no comments on the cartoon. At that time there were rumors that Carnegie, in view of the low prices of U. S. Steel shares, was likely to get back his properties through the foreclosure of his bonds.

When the time came to get down to brass tacks in the trading, Carnegie selected Schwab as his intermediary. It was, perhaps, his shrewdest move. He felt sure that Schwab's fascinating fervor and extraordinary charm could overcome, or at least mitigate, Morgan's personal

I N C R E D I B L E C A R N E G I E

distrust of Carnegie. So it proved. Finally, Morgan directed Schwab to obtain an option upon the Carnegie properties. One may imagine the alacrity with which Schwab carried Morgan's dictum to his mentor!

After lapse of a proper period, Schwab again stood before Morgan. Mr. Carnegie, he reported, would not grant a written option but had scribbled his price upon a slip of paper. This was the figure later accepted—equivalent in cash to almost \$500,000,000 for the Carnegie Company, lock, stock and barrel, majority and minority interests. It was the most stupendous sale in the history of the world.

Henry Clay Frick, although Carnegie did not know it, played a vital role in the birth of the Steel Corporation. Frick was the medium through whom Morgan obtained the enormous Lake Superior Consolidated Ore Mines of John D. Rockefeller. Frick succeeded after Morgan himself had failed and while the whole gigantic project hung in the balance. The extraordinary episode, with astonishing sidelights upon the personalities involved, is related by the late Col. George Harvey in his biography of Frick.

Judge Gary had convinced Morgan that the Rockefeller ores must be included in the merger and had suggested a certain price as an "outside" offer. Rockefeller always grated on Morgan. Nevertheless, Jupiter swallowed his pride and went to see the oil king. He got nowhere. John D. suggested that Morgan take up the matter with his son who "has charge of such matters." Col. Harvey narrates:

Mr. Morgan invited Mr. John D., junior, to call,

THE BIG CLEAN UP

and at the appointed hour, the young man—he was then only twenty-seven—appeared for his first interview with the lion of Wall Street. The two sat down.

"I understand," said Morgan brusquely, "that your father wants to sell his Minnesota ore properties and has authorized you to act for him. How much do you want for them?"

Young Mr. Rockefeller rose from his chair and, with an evenness of tone suggestive of his father's, replied: "It is true that I am authorized to speak for my father in such matters, Mr. Morgan, but I have no information to the effect that he wishes to dispose of his ore properties: in point of fact, I am confident that he has no such desire."

"And what did Mr. Morgan say?" quietly asked Mr. Rockefeller when his son repeated his remarks.

"Mr. Morgan said nothing; he sat quite silent."

"And what did you do?"

"I picked up my hat and, bowing as courteously as I know how, I said, 'If that is all, Mr. Morgan, I bid you good afternoon,' and walked out. Did I do right, sir?"

Mr. Rockefeller meditated for an instant and replied thoughtfully:

"Whether what you said was right or wise, I would not venture to judge; time alone can answer that question; but I may say to you, my son, that if I had been in your place, I should have done precisely what you did."

The entire scheme thus threatened with failure, Morgan called in Frick. The man from Pittsburgh knew Rockefeller Senior but slightly. However, John D. had

I N C R E D I B L E C A R N E G I E

once complimented him for his "intelligence, courage and firmness" in the Homestead strike. Through a friend, Frick requested an appointment. The answer was prompt and cordial. John D. suggested that Frick, next morning, come quietly to Pocantico Hills. The epochal conference is thus engagingly described by Col. Harvey who was in a position to get his facts from both principals:

Shortly before 10 o'clock, Mr. Frick, leaving his carriage to await on the main street, walked up the driveway to Mr. Rockefeller's residence and, just within the entrance, found Mr. Rockefeller himself strolling thoughtfully through his spacious grounds. Mr. Frick joined him in his walk and, briefly apologizing for what he feared might prove to be an intrusion, set forth the purpose of his mission. Mr. Rockefeller listened attentively to a concise, accurate and straightforward statement, such as had first won the approbation of Judge Mellon years before, and then said:

"Mr. Frick, I naturally suspected what you had in mind. My understanding of the situation coincides in all respects with yours. As my son told Mr. Morgan, I am not anxious to sell my ore properties, but, as you surmise, I never wish to stand in the way of a worthy enterprise. I do frankly object, however, to a prospective purchaser arbitrarily fixing an 'outside figure' and I cannot deal on such a basis. That seems too much like an ultimatum. Now I want to ask you a question. Nobody is more familiar with those properties than you are. Do you or do you not agree with me that the price these gentlemen pro-

pose to pay is less by several millions than their true value?"

Mr. Frick replied that unquestionably, if payment was to be made chiefly in securities of the new company, and taking into consideration the allotments made for other properties, the sum suggested was far too small.

"I thought that would be your answer," said Mr. Rockefeller. "Now, Mr. Frick, I will tell you what I will do. I want only a just and fair price. You know what that is, certainly better than those gentlemen do, and quite likely than I do. I know your judgment is good and I believe you to be a square man. I am willing, Mr. Frick, to put my interests in these properties in your hands."

Amazed at this proposal, Mr. Frick, while expressing full appreciation of the compliment, hesitated to assume the responsibility.

"You need not hesitate, Mr. Frick," calmly remarked Mr. Rockefeller. "My confidence is implicit. You will receive no complaint from me. Now you will wish to be on your way. I thank you for coming to see me."

John D's adroit psychology got him a price exactly \$5,000,000 more than Gary's "outside" figure. Years afterward, according to Harvey, the oil king, recalling the incident, remarked:

"The price seemed wholly fair at that time and was entirely satisfactory to me. It was not long either before the purchasers themselves realized that it was really very low. I doubt, as I recall the circumstances, if anybody but Mr. Frick could have effected the transaction."

I N C R E D I B L E C A R N E G I E

"And if it had not been effected?" the reminiscent Rockefeller was asked.

"Then, in my opinion," he replied slowly, "the United States Steel Corporation could not have survived the stress of its formative period."

The United States Steel Corporation was capitalized at \$1,403,450,000 as follows: bonds, \$303,450,000; preferred stock, \$550,000,000; common stock, \$550,000,000. As against this huge capitalization, the United States Bureau of Corporations estimated the physical value of the plants at \$682,000,000.

Andrew Carnegie's individual share, plus an adjustment of current profits, was upward of \$250,000,000, all in secured five per cent gold bonds. With vast outside interests, the man who had timidly invested in iron manufacture thirty-six years before, now possessed a fortune estimated in Wall Street at from \$350,000,000 to \$400,000,000.

Carnegie had a mortgage upon the entire physical property of the great new combination. He said that he insisted upon payment in bonds because he looked upon the stock as not merely water but air. Morgan growled that he had given Carnegie bonds so that the Scot might be completely eliminated from the management.

Throughout the country, there was wild alarm over the new giant among giants. Dr. Arthur T. Hadley, president of Yale University, told a church audience in Boston: "Trusts have got to be regulated by public sentiment. The alternative is an emperor in Washington within twenty-five years." That strange genius, John Brisben Walker, wrote in his *Cosmopolitan Magazine*:

THE BIG CLEAN UP

"The world, on the third day of March, 1901, ceased to be ruled by so-called statesmen. True, there were marionettes still figuring in Congress and as kings. But they were in place simply to carry out the orders of the world's real rulers—those who control the concentrated portion of the money supply." In huge type, Arthur Brisbane warned of the coming of an "Economic Emperor." Peter Finley Dunne's witty creation, "Mr. Dooley," as usual, furnished the most illuminating note:

"Pierpont Morgan calls in wan iv his office boys, th' prisidint iv a naytional bank, an' says he, 'James,' he says, 'take some change out iv th' damper an' r-run out an' buy Europe f'r me,' he says. 'I intind to re-organize it an' put it on a paying basis,' he says. 'Call up the Czar an' th' Pope an' th' Sultan an' th' Impror Willum, an' tell thim we won't need their sarvices afther nex' week,' he says. 'Give thim a year's salary in advance. An', James,' he says, 'Ye betther put that r-red headed book-keeper near th' dure in charge iv' th' continent. He doesn't seem to be doin' much,' he says."

The sudden flood of gold dazed and demoralized some of Carnegie's forty young partners. Masters now of wealth they had never dreamed of, they kicked up their heels like pasture colts. Some of them never recovered.

A few days after the settlement one of the young partners, slighly intoxicated, was discovered in the lounge of the Duquesne Club fumbling with paper and pencil. "What are you doing?" asked a fellow member. "I'm trying to see whether I'm worth seven or ten million and how the deuce I got it," was the grinning reply. Another partner, after a life time in the steel mills, started out on a grand tour of the world. In New York

IN C R E D I B L E C A R N E G I E

he became homesick and returned to Pittsburgh. Alexander R. Peacock, the former dry goods clerk, became a spectacular figure in Pittsburgh. He hunted up old friends and paid their debts. He hired a "Peacock Special" and broke the railroad record across the continent. He built a great mansion, decorated with oriental lavishness, on Highland Avenue, Pittsburgh.

Thomas Morrison, former workman and Carnegie cousin, built a red sandstone palace, but otherwise took his good fortune quietly. Tom Carnegie's widow, who drew \$6,198,500 out of the grab-bag, added an estate at Raquette Lake, in the Adirondacks, to her holdings in Pittsburgh and in Florida. Frick put \$13,000,000 of his \$61,000,000 winnings into Pittsburgh real estate. Phipps put millions into model tenements in New York.

Old timers in Pittsburgh recall the unique and freakish extravagances of many young Carnegie partners. One had his wife's portrait painted by every obtainable foreign and American artist. Another gave all his friends automobiles. A third spent a fortune in making "the finest mushroom cellar in America." A fourth scared up a coat of arms to place upon the bands of his dollar cigars. A fifth installed eight bath-rooms in his house so that he could beat his neighbor who had only five. He would entertain his guests with an inventory of his possessions. "See that painting! Cost me \$22,000 but I could get \$28,000 for it. What do you think of my wife's necklace? Set me back \$250,000! Dealer wanted \$300 for that chair you're sitting on but I beat him down to \$250!" A sixth had alternating moods of extravagance and penuriousness. He gave the city a hundred thousand dollar conservatory, then balked at pay-

THE BIG CLEAN UP

ing \$15,000 for a painting. "Why," he told a friend, "the interest on \$15,000 would be two dollars a day and it is not worth two dollars a day to look at a picture."

For a time money madness gripped all of Pittsburgh. "The city," Herbert N. Casson recalls, "became a Klondike for artists, book agents, curio dealers and merchants who had expensive gewgaws for sale. Paintings were sold by the dozen and books by the hundred. Professional decorators reaped a golden harvest. Prices were raised at the theatres. To hear Bernhardt, even from the second balcony, cost five dollars. Families paid as much for one quart of champagne as they had formerly paid for a hundred and twenty-five quarts of milk. For a pound of Hamburg grapes men gave more than their fathers had earned in a week. For a couple of French apples they paid the price of a pair of shoes. And for one American Beauty rose they gave as much as a week's board had cost them when they began to work for Carnegie."

This chronicler concludes that "all this was natural, harmless and good for business." Anna Robeson Burr, a penetrant observer, differs. "After events show that the whole thing was unnatural, harmful and turned out to be very bad for business indeed," judges Mrs. Burr. "In fact, as we study individually the after history of those men and families who became so suddenly and unreasonably enriched by the Steel Trust sale, the plain truth stands out that all the work of the Carnegie Institute up to the present day, with its pensions and medals and admirable philanthropies, has hardly squared the debt. More people appear to have been ruined by the

I N C R E D I B L E C A R N E G I E

Carnegie policy than have been benefited, so far, by the Carnegie fortune."

And what of the abdicated Emperor of Steel?

Andrew Carnegie was now in his sixty-sixth year, young in body and in spirit. For good or ill, his name was a household word. What would, what *could* he do with his enormous fortune? In a magazine discussion some years before he had formulated a "Gospel of Wealth":

"The day is not far distant when the man who dies leaving behind him millions of available wealth, which was free for him to administer during life, will pass away, 'unwept, unhonored and unsung', no matter to what uses he leaves the dross which he cannot take with him. Of such as these the public verdict will then be: 'The man who dies thus rich dies disgraced'."

Now, literally, he set out to apply his Gospel of Wealth.

As greedily as he had gathered in the gold he began to distribute the great pile.

Did he wish to benefit humanity? To make his name immortal? To wipe out the stains of the past with the pure brush of sincere philanthropy?

Who can tell?

CHAPTER SIXTEEN

SAINT ANDREW

THE NEXT DECADE WITNESSED THE APPARENT METAMORPHOSIS of a man.

Gone was Carnegie the ramping, ruthless King of Industry. Now, through a clearly planned and incomparably publicized scheme of great benefactions, arose a new Carnegie. This materialization was a saintly soul, overflowing with love and sympathy for all mankind.

The later Carnegie became a symbol. He was "Andy" to all the world—a beaming, bearded little gentleman consumed by the single desire to lighten the burdens of his fellow creatures. Aphorisms of virtue and altruism streamed from his pen and tongue, submerging, like warm lava, the harsh past. To this day many born after the early '90's picture Andrew Carnegie as a shrewd, philosophic sort of modern Marcus Aurelius, interested only in philanthropy and "doing good."

In his new role Carnegie became a veritable Mr. Fix-It. He hurled his preter-human energy into almost every conceivable activity. He became a sort of adviser emeritus to governments and individuals and groups. He had an opinion upon, often a remedy for, every controversial issue, social, political, ethical, that engaged current thought. He threw himself into these movements with all the enthusiasm and fierce determination with which he had fought his way to the top in business. His doings

I N C R E D I B L E C A R N E G I E

and his sayings became world renowned. His innate gift of showmanship and intuitive knowledge of how to attract attention inspired as much publicity as a President or a Pope and made him perhaps the most celebrated private citizen on earth.

In Russia, in India, even in China, peasants knew his name. When he issued a statement or announced a donation telegraph instruments clicked and editorial pens raced. He was the millionaire determined to die poor, the one Money King with a heart. He touched a popular chord. Babies were named for him. Contests were conducted by newspapers to tell him how to spend his money. After a speech in Atlanta, Georgia, women kissed him. One said she had not enjoyed so satisfying a smack since she had embraced Capt. Richmond Pearson Hobson on his famous kissing tour in 1899. Carnegie's mail rivalled that of a modern movie star. Thousands of letters poured in upon him monthly, mostly from folk who wanted a slice of his wealth.

Thus, joyfully, Saint Andrew lived in a microcosm of his own. This did not tend to lessen his self-esteem. Nor did the attentions of a great company of men and women, some in high places, who swarmed about him with flattery and suggestions as to the disposal of his millions.

During his life Carnegie gave away the impressive sum of \$350,695,653.40.

There was thought and beauty and vision in many of his benefactions. The time has not yet come to evaluate them fully on either moral or practical grounds.

His first great gift after his retirement was \$4,000,000 for a relief and pension fund for his 45,000 work-



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WHEN MR. CARNEGIE'S MONEY IS GONE

men. Thus the workmen got a little over one per cent of his total charitable disbursement.

Whim seemed to dictate many of his gifts. Carnegie had just read an observation in the *Scottish American*: "The gods send thread for a web begun" when Dr. J. S. Billings, of the New York Public Library, called with tentative plans for the erection of sixty-eight branch libraries throughout the city. "Providential!" exclaimed Carnegie, showing Dr. Billings the quotation. At once he pledged the largest individual gift in the city's history, \$5,200,000. The city furnished the sites, agreed to pay yearly ten per cent of the cost of the buildings, or \$520,000, for maintenance, and promised to attach Carnegie's name to each building in perpetuity. Upon these identical conditions Carnegie built 2811 free public libraries, at a cost of \$60,364,808.75, throughout the English speaking world.

Carnegie stamped his library system upon a continent. More than fifty million persons, it is estimated, now use Carnegie libraries. The libraries touched the warmest facets of Carnegie's nature. Once he wrote:

I think I am doing a lot for the morality of the country through my libraries. You know how much of the immorality and mischief is because of the idle hours of the boys and girls, especially in the rural regions, where time hangs heavily on their hands. Now they have hundreds of good books to read and pleasant reading rooms where they can go after school or after working hours.

Sometimes I like to sit here in the quiet about this time (five o'clock in the afternoon) and picture the thousands of schoolboys sitting in those read-

I N C R E D I B L E C A R N E G I E

ing rooms, reading the books I put there. And you know sometimes, isn't it strange, I see myself a little fellow among them. The thing I enjoy the most about my books is that they work day and night. There isn't an hour of the day all over the world that thousands are not reading those books, and will always be reading them, and sometimes when I feel a little vain I say "and I am their teacher."

The second great gift, \$22,300,000, went to found the Carnegie Institution of Washington. Incorporated by special act of Congress, April 28, 1904, the Institution's purposes were thus set forth: "To encourage in the broadest and most liberal manner investigations, research and discovery, and the application of knowledge to the improvement of mankind; and, in particular, to conduct, endow and assist investigation in any department of science, literature or art, and to this end to cooperate with governments, universities, colleges, technical schools, learned societies and individuals."

The work of the Institution is well known through its voluminous publications. Its wood-and-bronze yacht "Carnegie" voyaged around the world correcting magnetic compass errors. It established a fixed astronomical observatory upon Mount Wilson, California.

In Pittsburgh was established the Carnegie Institute and Carnegie Institute of Technology, at a total cost of \$26,718,000. The buildings embrace a museum, a picture gallery, concert hall and the Margaret Morrison School for Young Women. In the technical school and at Margaret Morrison (named, of course, for Carnegie's mother) thousands of students receive tuition at moderate cost.

S A I N T A N D R E W

One morning Richard Watson Gilder, editor of the *Century*, sent Carnegie a poem about the heroic action of a mine superintendent who had lost his life rescuing men trapped in a coal pit near Pittsburgh. The result was the establishment of ten million dollar Carnegie Hero Funds in the United States, Great Britain, France, Germany, Italy, Belgium, Holland, Norway, Sweden, Switzerland and Denmark. This fund rewards those who have performed heroic acts "in time of peace" and, sometimes, pensions the hero's dependants.

Cornell University elected Carnegie a trustee. He was appalled to learn of the low pay of college professors. Thus came about the Carnegie Foundation for the Advancement of Teaching, with total appropriations of \$29,250,000. In its twenty-five years of existence, the foundation has paid \$20,000,000 to retiring professors, and many millions more to teachers and their widows. However, as in all Carnegie endowments, only the income may be expended. Thus, at the close of the 1931 fiscal year, the foundation reports resources of \$32,000,000.

Brander Matthews interested Carnegie in simplified spelling and the latter backed the movement to the tune of \$280,000. All his life, to save time and money, Andy had used an abridged and original method of spelling. He hated silent letters as much as he did silence. Carnegie hustled down to the White House and obtained the sanction of President Roosevelt. The endorsement of these unexcelled showmen gave the movement international impetus. Poets and paragraphers had a lot of fun with simplified spelling. Wallace Irwin wrote a verse in the new "Karnaghefide" lingo:

I N C R E D I B L E C A R N E G I E

Grate scot! I kannot spel the wurdz
That sizzle 'neath my brow
Sins A. Karnaygy spoyle the rulz
We ust to hav in gramar skulz.

Glancing through an English review at Skibo one day, Carnegie came upon an article narrating the struggles parents in Scotland encountered in satisfying their children's thirst for education. Thus came into being the \$10,000,000 Scottish Universities Trust. Half of the \$500,000 yearly income from the five per cent Steel bonds was to be used to pay tuition fees of poor students; the other half to improve the four Scotch universities.

The universities were properly grateful. Andrew Carnegie, who had left school at thirteen, was invested with the proud robes of Lord Rector of ancient St. Andrews. It was the first time in the five centuries of St. Andrews' existence that any man, not a British subject and without formal education, had been so honored. Andy was proud as a peacock. The tubby little man with the white beard and perpetual smile was a new type of Lord Rector to the students of St. Andrews. On Rector's Nights, Andy sat around with the boys and told stories about Bill Jones and other characters of his acquaintance. Peals of laughter reverberated in the somber hall.

Carnegie duplicated the \$10,000,000 gift to Scottish universities with a similar fund, the United Kingdom Trust, for the benefit of British and Irish universities. He got a letter of thanks and an autographed portrait from King Edward VII. Despite Carnegie's strictures against the royal family, the King was anxious to renew ac-

quaintance with the freakish little man who was shovelling out his millions so rapidly. Happening to be in the vicinity of Skibo, His Royal Highness called upon Carnegie. As he entered the imposing driveway His Majesty noticed, flying from the tower, the Union Jack and the Stars and Stripes sewed together. With his usual fervor the Laird of Skibo was preaching British-American union. He argued, despite grimaces on both sides of the pond, that the mother hen must once more unite with her lusty chick who had developed into a duck and had swum westward.

Carnegie's temerity amused the King. On the tour of the castle, Mrs. Nicol, the housekeeper, was encountered. She sought to slip by unnoticed. Carnegie would not have it so. Heading her off, he formally presented the blushing and frightened woman to the King. Andy showed the King some verses by the erratic California bard, Joaquin Miller, in which Carnegie was extravagantly eulogized at the expense of the crowned heads of Europe. Carnegie gleefully pointed out lines referring disparagingly to Edward VII and his anointed nephew, the Kaiser—and escaped without rebuke! Andy did these things in so gay and boyish a mood.

Carnegie organized an organ department of his huge new Charity Trust, presenting 7,689 organs to churches at a total cost of \$6,248,000. Many churches thrived on Andy's bounty. They got the full price for new organs and profited by sale of their old instruments. The rigid Presbyterians of the Highlands, who never approved of Carnegie's "cantrips," accused him of wicked attempts to force worship of God with a "kist fu' o' whistles" instead of using the human voice as the

I N C R E D I B L E C A R N E G I E

good God intended. Andy went blithely ahead, handing out the organs but never attending church to hear them played.

The man who had hundreds of millions to give away fairly wallowed in the honors that came to him. Municipalities vied in begging him to accept the freedom of their cities. Andy never disappointed. He loved the applause, the bands, the flags, the crowds. In 1906, he received six freedoms in six consecutive days and two the week following. He would leave London in the morning and return in the evening. The ceremonies never bored him. Altogether he received fifty-four Freedoms of Cities in Great Britain and Ireland. Gladstone was a poor second with seventeen.

Similarly, he received the decoration of Knight Commander of the Legion of Honor from the French Government, the Grand Cross Order of Orange-Nassau from Holland, the Grand Cross Order of Danebrog from Denmark, a gold medal from twenty-one American Republics, and doctors' degrees from numerous universities and colleges. He became a member, honorary and active, of some two hundred institutes, learned societies and clubs. Charles R. Flint tells an amusing story of proposing Andy for membership in the best known fishing club in the United States, the South Side, Long Island.

"I drove him through the estates of two of its members, Vanderbilt and Bourne," says Flint. "At the last named place our host offered us some choice Scotch whiskey which, although 'coals to Newcastle', was much appreciated by Carnegie. With a real Scotch accent the steelmaster told us of a man who had moved into a

Scotch village. With characteristic curiosity the inhabitants sent one of their number to ascertain what kind of a new neighbor had come to their town. The emissary on his return was met with the question: 'Weel, what kind o' mon is he?' 'I'll tell ye,' said the envoy. 'He came to the door and when I went in he asked me to hae a drink o' whiskey and he gied me a glass, an' took the bottle himse' and began to pour—an' he says 'say when', an' I said 'when', an' he *stopped*—that's the kind o' mon he is!' I noticed Bourne did not ask Carnegie to say when."

The Carnegie of those days was a puzzle even to many who knew him well.

"I never could make him out," says W. Orton Tewson, well known literary critic and former foreign correspondent for American newspapers. "His general ignorance seemed colossal, and yet he was so successful. At heart, I don't believe any man has been more surprised at his own success than was Carnegie. I used to see the old boy twice a year regularly in London (for the *New York Times* and later for *The American*) where he always stayed at the Coburg Hotel on his way to Skibo and when returning to New York. I never got anything very intelligent out of him—maybe it was my incompetence, but I don't believe so. I remember one occasion when I found him happy as a schoolboy, chuckling over a clipping from one of the London morning papers which quoted him in its 'Shafts of Wisdom' column for some saying ascribed to him. He placed the clipping in front of the clock on the mantelpiece, and kept on marching up and down the room, returning each time to look at the clipping, rub his

I N C R E D I B L E C A R N E G I E

hands with glee and chuckle to himself, saying: 'Shafts of Wisdom, Shafts of Wisdom'. Then the telephone bell rang, and instead of picking up the instrument, he got down on his knees—the 'phone was on a small table—and put his ear to the mouthpiece and talked into the receiver. Of course, nothing happened, except that after a bit he said to me: 'I never could manage one of these, can you?' I think perhaps he was play-acting, but he was always the same with me, at all events so simple-minded and ignorant of what seemed the barest necessities for getting anywhere in this world, that I have always marvelled at his success. But I never tried to sell him anything!"

With a great income still rolling in, Carnegie employed people to look up everyone with whom he had been even remotely associated in his early days. He set aside a private fund that eventually exceeded \$4,000,000, to pension those who had served with him in his brief periods as a railroad and Civil War telegrapher. He established another private fund of \$250,000 a year for "deserving cases" brought to his attention by friends. In these personal benefactions, the whim of the moment ruled. Richard Watson Gilder and his brother, Joseph B. Gilder, were among Andy's eager volunteer almoners. The latter recalls:

One could never tell beforehand whether an appeal would be effectual or not. Though many of his gifts were princely, not to say imperial in amount, in certain cases they appeared small in proportion not only to his means but to the need of

the beneficiary. Yet some who expected little were surprised by getting much. Mr. Carnegie once consulted my brother as to the advisability of pensioning a certain man of letters and as to the amount necessary to relieve him of anxiety. After considering the case in all its aspects the adviser—who was the soul of generosity—named an income that seemed to him fully adequate. “Oh, Gilder!” exclaimed Mr. Carnegie, “why not make him happy?” And his fixed the pension at twice the rate suggested.

From many a friend’s widow Mr. Carnegie took in trust the small funds of which she found herself possessed on the death of her husband and guaranteed her an income considerably in excess of what the principle would have yielded if invested in the securities in which trust funds are usually put. I recall one case in which, on the death of a dear friend, Mr. Carnegie made inquiry as to the exact amount of the widow’s income. Her family prepared a rigidly correct statement and submitted it to him. Before he had taken action a copy of the statement was shown to the family lawyer. Clever man that he was, he pointed out two or three items which he thought might have been conscientiously omitted, but unfortunately, as it seemed, it was too late to revise the list. The actual figuring, however, proved to have been most fortunate. For, instead of adding enough to bring the income up to a given amount, Mr. Carnegie simply doubled it.

I succeeded in interesting Mr. Carnegie in the remarkable medico-missionary work of Dr. Wilfred Grenfell among the fisher folk of Labrador. He put himself down for \$1,000 and intimated the gift

I N C R E D I B L E C A R N E G I E

might be made an annual one. Sure enough, a check for the same amount was forthcoming the next year. I introduced Dr. Grenfell to the donor. Mr. Carnegie seemed to be much taken with his visitor. We were admitted to our host's sanctum and entertained for a full hour. On parting, Mr. Carnegie walked down stairs with us through the long hall to the front door. He urged the missionary to come and see him again when he next was in town. Within less than a year, however, he cut down his contribution to the work in Labrador from \$1,000 to \$250—and my cry of anguish left him unmoved.

Later on when Dr. Grenfell was making superhuman efforts to reorganize the Seamen's Union at St. John's, Newfoundland, and build a new home for it adequate to the needs of the tens of thousands of fishermen who put into that far northern port every summer, I sought to interest Mr. Carnegie in the proposal that there should be a huge tank in the basement, heated sufficiently to permit the men to use it in learning to swim—an accomplishment seldom acquired in that part of the world, owing to the coldness of the water. The result is that when a Labrador sailor or fisherman goes overboard he usually goes straight to the bottom.

Mr. Carnegie was unresponsive. His chief objection seemed to be that it would cost too much to heat the water. It was explained that waste steam from the heating plant would be used. Still "nothing doing." A year or so after this I casually mentioned my regret that he hadn't seen his way to aiding Grenfell. He asked an explanation—and got it. "I never understood the situation before," he

S A I N T A N D R E W

said. Meanwhile Dr. Grenfell had succeeded, after herculean labors, in raising the needed funds.

Letters of gratitude that came in by the scores were carefully winnowed out by James Bertram, Carnegie's general secretary, and Robert A. Franks, his financial secretary, and placed beside Carnegie's breakfast plate. They were the beads in the rosary of Fortunatus. "Isn't this touching?" Andy would exclaim, between hearty bites of hot rolls and eggs, and then he would read aloud passages that most appealed.

"It is, indeed, more blessed to give than to receive," Carnegie writes in his autobiography. "Some venture to tell me they remember me every night in their prayers and ask for me every blessing. 'Pray, don't,' I say. 'Don't ask anything more for me. I've got far beyond my just share already. Any fair committee sitting upon my case would take away more than half the blessings already bestowed'."

Carnegie's office now was a sunny, cosy room overlooking the garden in his new mansion, occupying the block on Fifth Avenue from Ninetieth to Ninety-first street. When Carnegie selected this "farthest north" site in 1904, his agents had to dispossess goats and dwellers of dilapidated shanties. That part of Fifth Avenue looked for all the world like Slabtown, Allegheny City.

In the afternoons the master of the mansion walked twice about the nearby reservoir in Central Park, returning for formal conferences in the stately library flanking the house along the Fifth Avenue side. Over the great fireplace was Carnegie's favorite motto: THE

I N C R E D I B L E C A R N E G I E

HEARTH OUR ALTAR: ITS FLAME OUR SACRED FIRE.

Many years before he had written this motto for his brother's home. When the builder told him it was too long for the fireplace, Carnegie rejoined: "You mean the fireplace is too short for the motto. Make it longer; and if the room is too small for the fireplace, make the room bigger; and if the house is too small for the room, pull it down and build a bigger one. But at your peril, don't cut a letter out of that motto."

The new mansion was dedicated with a dinner, an annual affair, of the Carnegie Veterans Association. In a setting of palms and flashing lights Carnegie's young partners met to celebrate in song and story their victories and to laud the man who had made them rich. They always presented Carnegie with a loving cup or other memento. In all the exuberant festivities one heard little of Tom Carnegie and the other stalwarts of the past—and nothing at all of Frick. No one who had favored Frick in the fight with Carnegie was permitted to dine and wine with the young geniuses.

At the 1903 dinner, someone related an anecdote to show that their indomitable Little Boss had lost none of his bounce: At a recent reception a young girl was introduced to Carnegie and Henry Phipps. The latter said: "Why you are taller than I am!" Andy, who was a whit shorter than Phipps, said: "Why you are almost as tall as I am!"

John Morley laughed heartiest over this when he visited Carnegie in 1904. Carnegie took him to Washington and introduced him to President Roosevelt. Honest John's pungent observation will be remembered:

"Well, I've seen two wonders in America, Niagara Falls and Theodore Roosevelt."

It was Irrepressible Andy's ambition to bring Roosevelt and the Kaiser together. By invitation, Carnegie met the Kaiser at Kiel in June, 1907. He and Ambassador Tower went to the Kaiser's yacht to register. Unexpectedly they bumped into the Emperor. Andy raised both hands and cried:

"This has happened just as I could have wished, with no ceremony, and the Man of Destiny dropped from the clouds!"

"Ah, but I understand you do not like kings," observed Wilhelm with a smile.

"No, Your Majesty, I do not like kings," Andy came back quickly. "But I do like a man behind a king when I find him."

That night they toasted each other and got along famously. "The Emperor is fine company," Carnegie observed in his journal, "and I believe an earnest man anxious for the peace and progress of the world. The peace of the world has little to fear from Germany. Her interests are all favorable to peace, industrial development being her aim." He repeated this sentiment many times in the years up to 1914.

The abolition of war gradually overshadowed all other issues for Carnegie. The subject became almost a mania with him. In 1907 he accepted the presidency of the Peace Society of New York. He gave \$1,500,000 for the erection of a great Peace Palace at the Hague. He preached, talked and wrote against war, bending all the energies of his rapidly expanding personal propaganda machine to the purpose. In December, 1910, he

I N C R E D I B L E C A R N E G I E

gave \$10,000,000 for "the abolition of international war, the foulest blot upon our civilization." This is known as the Carnegie Endowment for International Peace. Elihu Root became president of the board of trustees.

Carnegie even introduced the subject of peace in his appearance in January, 1912, before the Stanley Congressional Committee investigating the United States Steel Corporation. He talked freely about his benefactions but his memory seemed to bog down when disclosures were wanted about rail pools, tariff jockeying, railroad rebates and the like. For three days Andy kept the inquisitors in a state of merriment. Homer Davenport drew a series of classic cartoons for the *New York American*, showing grave legislators doubled up with mirth while "Little Andy" sat straight in his chair in mock surprise. When the examination ended, Carnegie bowed sweetly and said: "Gentlemen, you don't know how I have enjoyed this. When shall we meet again?"

The committee elicited one fascinating sidelight on Andy and John D. Rockefeller. "I got the best of Mr. Rockefeller on the ore the Carnegie company leased from him," he said, smacking his lips. "Quite a trick you know, to get the best of a man with a head like Rockefeller." The recollection warmed the witness so that he proceeded to tell of a visit he and Mrs. Carnegie had paid the Rockefellers a short while before.

"When we arrived at the Rockefeller home," he recalled, "we found Mr. and Mrs. Rockefeller seated on the porch. Mrs. Rockefeller is a fine woman and a fine wife but she is doing poorly now. The old gentleman was in good fettle. There he was, tall, lean and spare,

smiling and beaming as happy as could be. He told us cold weather did not affect him much as he wore a paper jacket. He gave each of us one and it really is a fine thing to keep the body warm. We had a chat over old times but"—another deep chuckle—"I did not mention that ore transaction."

In 1911, Carnegie formed the \$125,000,000 Carnegie Corporation of New York to support and develop institutions previously established. He announced that he had made the Corporation residuary legatee under his will and that this was final proof of his determination to "die poor." He defined its purpose as follows: "To promote the advancement and diffusion of knowledge and understanding among the people of the United States by aiding technical schools, institutions of higher learning, libraries, scientific research, hero funds, useful publications and by such other agencies and means as shall from time to time be found appropriate therefor."

The Carnegie Corporation is a sort of clearing house for the entire list of Carnegie charities. It can spend only its income, which is fixed at the five per cent interest derived from its Steel bonds. It will face a re-investment problem when these bonds mature in 1951. Meanwhile, in twenty years, it has appropriated approximately \$125,000,000. The bulk of this money has gone to the lesser foundations in support of educational surveys, economic research, medical education and public health, legal education and reform, and scientific research.

The very existence of such huge perpetual foundations has been challenged and is being challenged on

IN C R E D I B L E C A R N E G I E

grounds of broad public policy. Many critics contend that this use of surplus capital has usurped the functions of government. Better to tax away the exorbitant profits that made them possible, this school argues, and permit the people themselves, through a government of their own choosing, to improve their own conditions. The real test, it is agreed, can be determined only by time.

Dr. Henry S. Pritchett, most experienced of all the Carnegie almoners, frankly confesses the danger of wholesale giving and begging. The pioneer president of the Carnegie Foundation for the Advancement of Teachers, says: "Whether a science or even an art of public giving can ever be developed is questionable. Some of those who have accumulated great fortunes have sought to devise forms of automatic distribution that would do good and not harm. None of these devices has ever succeeded for any considerable period of time. The fact may as well be faced at once that giving, whether in the public sense or in the private sense, will in the end involve a personal responsibility and a personal scrutiny. Somebody must sweat blood with gift money if its effect is not to do more harm than good, and this is equally true whether the giving be private or public, whether it be done by an individual or by a trust."

In his great outpouring of millions, Carnegie did not forget Dunfermline. The weaver's son lavished so many gifts upon his native city that Dunfermline became known, popularly, as "Carnegie town." Carnegie created the Dunfermline Trust with a capital of \$3,750,000, "to bring into the monotonous lives of the toiling

masses of Dunfermline more of sweetness and light." The Glen of Pittencrieff was purchased and turned into a public park. Only King Malcolm's Tower was reserved in the deed of gift and, it was whispered that Carnegie intended to build his own mausoleum upon this historic site. Carnegie also built a school for technical and manual training, a concert hall, a social center, model dwellings, athletic field, etc. The people were instructed in gardening, there were gala days and flower shows, competition in oratory, music, domestic science, etc. Experts were brought from America to plan social service activities of every description.

Some of the citizens of Dunfermline growled that Andy was trying to force them even to hold their knives and forks his way. Most of the good folk, however, took his bounty with proper gratitude. Having ascertained that the idea would be welcome to the Laird of Skibo, some of the citizens decided to erect a statue to Carnegie. The statue was unveiled June 27, 1914. Everybody for miles around was there. Carnegie and his agents on the board of the Dunfermline Trust made speeches. The musical director of the Trust composed for the occasion an ode, paraphrasing a portion of the book of Ecclesiastes beginning: "Let us now praise famous men." The ode was sung by a massed choir of 500 voices and musical interludes were provided by a band and a body of trumpeters. Through the Glen where Robert The Bruce once stalked reverberated the chant to a modern money king:

Let us now praise famous men, and our fathers
that begat us.

I N C R E D I B L E C A R N E G I E

The Lord hath wrought great glory by them,
through his great power from the beginning.

Such as did bear rule in their Kingdoms, men renowned for their power, giving counsel by their understanding, and declaring prophesies.

Leaders of the people, by their counsels, and by their knowledge of learning meet for the people, wise and eloquent in their instructions.

A few weeks later a mob of Dunfermline residents, angered by Carnegie's peace views, pelted the statue with mud and filth.

A change had come over the world. The Great War was on.

Carnegie received the news in a lonely retreat on the moors at Aultnagar. He was at work upon his reminiscences. The myopic little zealot had just written that world peace was at hand, with the German Kaiser its immortal agent. He closed his autobiography with a characteristic touch: "I see another ruler coming forward upon the world stage, who may prove himself the immortal one. . . Nothing is impossible to genius! Watch President Wilson! He has Scotch blood in his veins."

The thunder of cannon swept away the rosy dreams in which Carnegie had indulged for years. He knew that he would never live to be hailed as the world's leading agent in bringing about universal peace.

He never quite recovered from the shock.

CHAPTER SEVENTEEN

FINALE

ON FEBRUARY 5, 1915, ANDREW CARNEGIE WAS SUMMONED before the United States Commission on Industrial Relations to meet the charge that his philanthropic foundations might become a menace to human liberty and our democratic form of government.

No one, least of all himself, could guess that this was to be the steelmaster's last speaking appearance upon the public stage.

Those fortunate enough to be present will never forget that day. Andy was in rare form. He chuckled his way through a carefully prepared statement of his views and then sat down to answer questions. Every rule that Chairman Frank P. Walsh had made and enforced for the proper conduct of the hearing went by the board two minutes after Carnegie took the stand. He began by defining his occupation: "to do as much good in the world as I can." He left with the smiling observation that he hadn't "spent a more agreeable afternoon in I don't know when."

His humor bubbled over at every opportunity. The hundreds pressed into the assembly hall of the Metropolitan Life Building in New York greeted each sally with unrestrained laughter. Chairman Walsh and his colleagues leaned back in their chairs and roared with the rest. John D. Rockefeller, another witness, arrived in

I N C R E D I B L E C A R N E G I E

time to hear some of the proverbs and witticisms with which his fellow philanthropist studded his discourse. The two great givers were a study in contrast. John D., in business suit, dark green tie with an emerald, and gray wig, was grave and unsmiling. Carnegie appeared in a black frock coat, black bow tie and white stiff-bosomed shirt. As he stood up to read his paper he looked for all the world like a Scotch preacher high up in his little pulpit on the wall of the church.

Here and there in Carnegie's prepared statement he interpolated words, phrases or whole sentences and there was a laugh or a thrill in every one. Whenever he mentioned a donation to charity or a kindness to his workmen he grinned ingratiatingly at the audience. His voice trembled as he told of his regret over the Homestead strike "when, alas, word reached me too late."

"Do you not believe, Mr. Carnegie"—began Chairman Walsh.

"Now, Mr. Chairman," interrupted Carnegie, "You say 'do you not believe?' That implies that *you* believe and you want me to agree. I don't like that. Please be kind enough to say 'do you believe?'"

The audience rocked with mirth. With an indescribably comic gesture Andy leaned toward the press table and murmured: "Loud laughter," a *sine qua non* of public speech reporting.

"We had no trouble in keeping order until you came, Mr. Carnegie," said Chairman Walsh when he could make himself heard.

"I'm glad of that," replied Andy, extending his arms and turning toward the crowd. "What an audience!

FINAL E

See how many ladies there are here! That's one of the greatest triumphs of my life."

The laughter and applause became a tumult. The witness asked permission to say a word on the subject of women:

"I took a trip around the world once. I left the boys at home to do the work while I went out and played. One day in China I was sitting with the mandarins, you know the mandarins, and one of them said to me: 'The greatest work of your Christ is the elevation of women,' and that is the greatest work of Christ."

A hush fell upon the audience, there was a moment of awed silence as Andy looked solemnly into the faces before him.

"Now I have just a few more questions," said Walsh.

"Oh, I'm not in any hurry," was the reply. "I'm enjoying this," and the audience was away upon its merry laughter again.

"Mr. Carnegie, do you believe that an educational institution will be wrongly influenced in its teachings by reason of the gifts made to it?"

"I can't imagine any harm coming from that."

"Now, Dr. Eliot says—" began the chairman.

"Well," interrupted Andy, "he ought to know. He is on one of my pensions."

Carnegie said that his conception of capital, labor and management was "a three-legged stool, each necessary for the other, neither first, second or third in rank, all equal."

"Do you think there should be governmental control of these foundations?"

"I don't think the United States government or the

I N C R E D I B L E C A R N E G I E

State Legislature would do anything that would not be agreeable to me."

"Do you believe in publicity of the activities of these foundations?"

"That reminds me of the preacher," quickly responded Andy, "who posted a notice that in his sermon he would try to answer the question: 'Why was Lazarus a beggar?' Now we had all supposed that question was settled long ago. The reason was he didn't advertise. I believe in advertising."

And so it went.

Those who saw Carnegie that day found it difficult to believe that he was in his eightieth year.

That spring, however, he suffered a severe attack of influenza and the shadows began to gather. With Skibo closed by the war, Dr. Jasper Garmany sent him to Bar Harbor. As youthful assistants to Dr. Fred Dennis, in 1886, Dr. Garmany and the lovely nurse he later married had helped to pull Carnegie through his only previous serious illness. A summer of fishing, yatching and mild golfing restored a measure of Carnegie's former vigor. But never again was he able to throw himself into the hundred and one activities that interested him.

His eightieth birthday fell on Thanksgiving Day, November 25, 1915. Newspapermen, calling for the customary annual interview and gay hour in Carnegie's den, were surprised when he merely sent out his greetings and a brief message:

Say to the reporters who usually call on my birthday that all goes well with me. Dr. Garmany

FINALE

marvels at the splendid return to health which a summer on the Maine coast has wrought.

The world grows better and we are soon to see blessed peace restored and a world court established when, in the words of Burns:

"Man to man the world o'er
Shall brothers be for a' that."

Thenceforth the strength that had served him so well gradually failed. The war dragged on and Carnegie ceased his hopeful predictions. Fate had not willed that he should play the role of the Messiah of universal peace. He gave way, occasionally, to moods of melancholy.

In 1916 he bought Shadow Brook, a magnificent 600-acre estate near Lenox, in the Berkshire hills. The fifty-four room house of native gray stone was the second largest private dwelling in America, being exceeded only by Mrs. George W. Vanderbilt's Biltmore at Asheville, North Carolina. The view from the lookout tower reminded Carnegie of Skibo. Often he sat alone in the great music room, that could accommodate five hundred guests, listening for hours to the organ. The skirl of the pipes as usual preceded the family into the dining room with its hunting scenes carved in oak panels over the mantel.

Another severe attack of grip and influenza racked Carnegie in 1917. He recovered partially but thereafter was constantly attended by nurses. He had been a center of public interest for so many years that his seclusion was a cause of some comment. Occasionally people passing his town house noticed in the sunny garden on the

I N C R E D I B L E C A R N E G I E

south a small figure in a steamer chair wrapped in rugs. A collie dog sometimes lay at his feet. However, amid the din of great events, the public gave little attention to Carnegie's passing from the active news.

In the summer of 1918 he seemed to have recovered a bit of his old bounce and did much fishing. He had a power craft built to make these excursions comfortable. He played a little clock-golf, accompanied upon the miniature links by an attendant. With the coming of the armistice, he planned to reopen Skibo Castle for the season of 1919. However, he decided to remain in America when restrictions of the government limited him to taking one chauffeur and one car.

The only social event he attended in 1919 was the marriage of his daughter, Margaret, to Roswell Miller, whose late father, once president of the Chicago, Milwaukee & St. Paul Railroad, had been an old associate of Carnegie. Margaret was twenty-two, Miller twenty-four. Miss Carnegie selected April 22 as her wedding day—the thirty-second anniversary of her mother's marriage.

Although guests were limited to one hundred, the wedding in the Carnegie home was a gala affair. Pipers played "The Campbells Are Coming" and "Annie Laurie." The old tunes of the Highlands inspired Carnegie. He was able to tread a brief measure with his only child. But his step was feeble.

In May the Carnegies went to Shadow Brook. On many occasions Carnegie was seen fishing on Lake Mahanac, which adjoined his property. Although he received only his closest and oldest friends at Shadow Brook, it was so common for the people of Lenox to see

FINAL E

him from a distance during the spring and summer and to speak of the incident to their friends that in the village and neighboring country few realized that he was a sick man.

On Thursday, the 7th of August, Carnegie passed the afternoon under the shadow of a group of pines near the shore trying for black bass. Next day he complained of a bronchial cold. On Saturday he spoke of having difficulty in breathing but passed the afternoon with Mrs. Carnegie among his flowers. Sunday morning his illness did not appear to have become more serious. He breakfasted as usual and decided to pass the day in his room.

Without warning, bronchial pneumonia developed Sunday night. Physicians were summoned from Pittsfield and New York. The patient's temperature was above normal and his condition weak. Early Monday it became evident that death could not be averted. Carnegie seemed unaware. He talked to his wife until just before the end.

Death came at 7.10 o'clock on the morning of Monday, August 11, 1919.

Immediately the telephone and telegraph services began to experience high pressure. Long distance calls succeeded the earlier rush from neighbors. Great piles of wires and cables of condolence poured in.

Funeral services, rigorously private, were held on August 14, in the reception room at Shadow Brook. Only members of the family and intimate friends attended. Fully half of the sixty persons grouped about the flower-banked coffin were members of the Carnegie

I N C R E D I B L E C A R N E G I E

household. Upon a name plate of silver was the simple inscription:

ANDREW CARNEGIE

Born in Dunfermline, Scotland

November 25, 1835

Died at Shadow Brook, Lenox, Mass.,

August 11, 1919.

Although Carnegie belonged to no church, the officiating clergymen, the Rev. Dr. William P. Merrill, of the Brick Presbyterian Church, New York, and the Rev. Dr. Benson N. Wyman, of Lenox Congregational Church, used the Presbyterian ritual, comprising prayer and readings from the Bible. There was no eulogy. To the accompaniment of the organ, hymns were sung by the choir of the Brick Church. The services consumed not more than twenty minutes.

That afternoon the body was taken by train and automobile to Sleepy Hollow Cemetery at Tarrytown, New York. Behind guarded gates, another brief service was conducted at the vault by Dr. Merrill.

Carnegie came to the end of his passion-swept life successful, comparatively speaking, in his ambition to "die poor." His estate was appraised at \$22,881,575, net. He made the Carnegie Corporation of New York his residuary legatee. Under the New York law not more than half an estate of a person having a husband, wife, child or parent may pass in public bequests. Therefore Mrs. Carnegie, automatically, became co-legatee with the Corporation. The widow's half of her husband's property in New York State, was \$11,338,538.

FINAL E

The will, executed February 13, 1912, gave to the widow "all my real estate forever, together with all books, pictures, works of art, furniture, horses, carriages, motor cars, stables, garages, dwellings, etc" and added: "Having years ago made provision for my wife beyond her desires and ample to provide for our beloved daughter Margaret, and being unable to judge at present what provision for our daughter will best promote her happiness, I leave to her mother the duty of providing for her as her mother deems best. A mother's love will be the best guide."

The appraisal showed that Mrs. Carnegie, also, had a life interest in a trust fund, established in 1911, of \$4,643,750. Upon her death this reverts to her daughter.

Carnegie's private pension roll, with some 400 beneficiaries, totaled \$4,250,000. The will made provision, by pension or gift, for servants and employees both in America and Scotland; and provided life annuities for some fifty individuals. These included: \$10,000 a year to each married nephew or niece, \$5,000 if unmarried; \$10,000 annuities, among others, to Ex-President Taft, John Morley, Lloyd-George; \$5,000 annuities to Mrs. Grover Cleveland, Mrs. Theodore Roosevelt and many others.

Robert A. Franks, long the testator's financial secretary, was left an annuity of \$20,000 and placed in charge of the Home Trust Company of New Jersey, a corporation set up to administer the estate. The administrative corporation was carefully directed as to the class of securities in which to invest estate funds.

In \$17,480,839 of stocks and bonds there was but one

INCREDIBLE CARNEGIE

worthless security—1,520 shares of the Keokuk & Hamilton Bridge Company.

The executor's last accounting, filed February 7, 1930, showed that the estate had gained more than \$10,000,000. Its value was placed at \$35,201,133. The increase was accounted for as follows: receipt of income, \$4,234,445; collections, sale or transfer of assets, \$2,157,066; moneys received through reversion of interest on trust funds created for the payment of annuities, \$4,051,572. The annuity trust funds in 1930 amounted to \$6,650,338. As the beneficiaries pass on, half of these sums will revert to Mrs. Carnegie.

The accounting disclosed payment to Mrs. Carnegie of \$293,596 in specific legacies and of \$2,408,568 on account of her residuary bequest. The real estate holdings were valued at \$5,027,766 and the New York house at \$977,833.

Thus, in the extraordinary fairy tale of finance that was Andrew Carnegie's career, it will be seen that he left his family fewer than twenty-five of his hundreds of millions.

Andrew Carnegie was the most contradictory character produced by the evolution of American industry. He set a new standard of wealth. From the grave, he clutches for his huge foundations one of every dozen dollars earned by the United States Steel Corporation. He was the last of the autocrats dominating a single industry.

"Carnegie's career, whether we regard it with complacency or as a social menace," says Herbert N. Cas-

FINAL E

son, "was possible only in this country and in the last generation."

"He possessed the faculty of inspiring others to unusual efforts in a greater measure than any man I ever knew," says Charles M. Schwab.

"He belonged to that great race of nation builders who have made the development of America the wonder of the world," says Elihu Root.

"He made vital, in our country at least, the conception that the owner of great wealth is a trustee for the public, obligated to divide his wealth for the public use," says Dr. Henry S. Pritchett.

No one called to mind an epitaph Carnegie once jokingly suggested for himself:

"Here lies one who knew how to get around him men who were cleverer than himself."

Or the devastating lines of his favorite Scotch bard:

"O wad some Pow'r the giftie gie us
To see oursels as others see us!
It wad frae monie a blunder free us
And foolish notion."

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